Supreme Court
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No.

In the

# Supreme Court of the United States

JOSETTE DUMONT DECARLO,
Executrix of the Estate of Daniel S. DeCarlo,

*Petitioner,*

vs.

ARCHIE COMIC PUBLICATIONS, INC.,

*Respondent.*

PETITION FOR WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

## PETITION FOR WRIT OF CERTIORARI

WHITNEY NORTH SEYMOUR, JR.
*Attorney for Petitioner*
425 Lexington Avenue, Room 1721
New York, New York 10017-3954
(212) 455-7640

## QUESTIONS PRESENTED FOR REVIEW

In this case, Petitioner submits that local District Court rules have been applied in a way that directly conflicts with the summary judgment standards of FRCP 56. The result is a widespread denial of the right to trial by jury for civil litigants. This case involves a motion for summary judgment in a copyright litigation brought by Plaintiff, a comic book publisher, against the widow of an artist who formerly did contract work for Plaintiff. As part of its motion for summary judgment, pursuant to Local Civil Rule 56.1 of the Southern District of New York, Plaintiff submitted a 238-paragraph statement of supposedly material facts as to which Plaintiff contended there was no genuine issue to be tried. In response, Petitioner, a private individual, submitted a short concise statement with evidentiary citations identifying several material issues of fact which were sharply disputed and which required trial by jury. Invoking Local Rule 56.1, the District Court sharply criticized Petitioner for not responding to every one of Plaintiff's several hundred factual contentions. The District Court went on to resolve the factual issues presented by Petitioner itself, and grant summary judgment to Plaintiff. The Court of Appeals affirmed.

Does EDNY/SDNY Local Court Rule 56.1, as implemented by the District Courts with the approval of the Second Circuit Court of Appeals:

1. Convert Rule 56 Summary Judgment into "trial by affidavit"?

2. Disregard Supreme Court criteria for determining the existence of "genuine issues of material fact"?

3. Deprive non-movants of trial by jury?

## LIST OF PARTIES AND CORPORATE DISCLOSURE STATEMENT

JOSETTE DUMONT DeCARLO, Executrix of the Estate of Daniel S. DeCarlo, Petitioner.

ARCHIE COMIC PUBLICATIONS INC., Respondent.

Counter-Defendants in District Court but not direct parties to Petition:

AMERICAN BROADCASTING COMPANIES, INC.

RICHARD H. GOLDWATER

MICHAEL I. SILBERKLEIT

JOHN DOE

RICHARD DOE

ARCHIE COMICS ONLINE, INC.

GREGORY BATTERSBY

CHARLES W. GRIMES

Counsel for Respondent, Archie Comic Publications, Inc. ("ACP"), a private non-governmental party, certified to the Court of Appeals below that ACP has no parent corporation and that no publicly held company owns 10% or more of its stock.

American Broadcasting Companies, Inc., a named party in the District Court but not on this Petition, is understood from public information on *The New York Times* web site, to be owned by The Walt Disney Company (Holding Company). Information as to other owners of the company's stock, if any, is unknown to Petitioner's undersigned counsel. Likewise, present ownership of Archie Comics Online, Inc. is unknown to Petitioner's counsel.

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## Citations of the Official and Unofficial Reports of Opinions and Orders Entered in the Case

The District Court's Memorandum Opinion (On Reconsideration) was filed by Honorable Lewis A. Kaplan on April 23, 2003, and is reported at 258 F. Supp.2d 315 (SDNY, 2003). It is reproduced in the Appendix. Other relevant Decisions and Orders embraced by this appeal include Judge Kaplan's earlier opinion reported at 141 F. Supp.2d 428 (SDNY, 2001). All are reproduced in the Joint Appendix filed in the Court of Appeals at A-123, A-131, A-133, and A-141. Also relevant is Judge Kaplan's opinion reported at 127 F. Supp.2d 497 (SDNY, 2001) and opinions and orders reproduced in the Joint Appendix filed in the Court of Appeals at A-167 and A-183.

## Basis for Jurisdiction in Supreme Court

The judgment of the SDNY District Court was entered on June 12, 2003, and was affirmed by Summary Order of the Second Circuit Court of Appeals on March 3, 2004. Mandate was issued on March 25, 2004.

No request for rehearing was made in the Court of Appeals.

The statutory provisions believed to confer on the Supreme Court jurisdiction to review on writ of certiorari the summary order of the Court of Appeals affirming the judgment of the District Court are 28 U.S.C. Sections 1254 and 2101.

## Constitutional Provisions, Rules and Regulations Involved In The Case

### United States Constitution

**AMENDMENT VII**

In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

**Federal Rules of Civil Procedure**

**Rule 36. Requests for Admission**

**(a) Request for Admission.** A party may serve upon any other party a written request for the admission, for purposes of the pending action only, of the truth of any matters within the scope of Rule 26(b)(1) set forth in the request that relate to statements or opinions of fact or of the application of law to fact, including the genuineness of any documents described in the request. Copies of documents shall be served with the request unless they have been or are otherwise furnished or made available for inspection and copying. Without leave of court or written stipulation, requests for admission may not be served before the time specified in Rule 26(d).

Each matter of which an admission is requested shall be separately set forth. The matter is admitted unless, within 30 days after service of the request, or within such shorter or longer time as the court may allow or as the parties may agree to in writing, subject to Rule 29, the party to whom the request is directed serves upon the party requesting the admission a written answer or objection addressed to the matter, signed by the party or by the party's attorney. If objection is made, the reasons therefor shall be stated. The answer shall specifically deny the matter or set forth in detail the reasons why the answering party cannot truthfully admit or deny the matter. A denial shall fairly meet the substance of the requested admission, and when good faith requires that a party qualify an answer or deny only a part of the matter of which an admission is requested, the party shall specify so much of it as is true and qualify or deny the remainder. An answering party may not give lack of information or knowledge as a reason for failure to admit or deny unless the party states that the party has made reasonable inquiry and that the information known or readily obtainable by the party is insufficient

to enable the party to admit or deny. A party who considers that a matter of which an admission has been requested presents a genuine issue for trial may not, on that ground alone, object to the request; the party may, subject to the provisions of Rule 37(c), deny the matter or set forth reasons why the party cannot admit or deny it.

The party who has requested the admissions may move to determine the sufficiency of the answers or objections. Unless the court determines that an objection is justified, it shall order that an answer be served. If the court determines that an answer does not comply with the requirements of this rule, it may order either that the matter is admitted or that an amended answer be served. The court may, in lieu of these orders, determine that final disposition of the request be made at a pre-trial conference or at a designated time prior to trial. The provisions of Rule 37(a)(4) apply to the award of expenses incurred in relation to the motion.

**(b) Effect of Admission.** Any matter admitted under this rule is conclusively established unless the court on motion permits withdrawal or amendment of the admission. Subject to the provision of Rule 16 governing amendment of a pre-trial order, the court may permit withdrawal or amendment when the presentation of the merits of the action will be subserved thereby and the party who obtained the admission fails to satisfy the court that withdrawal or amendment will prejudice that party in maintaining the action or defense on the merits. Any admission made by a party under this rule is for the purpose of the pending action only and is not an admission for any other purpose nor may it be used against the party in any other proceeding.

**Rule 56. Summary Judgment**

**(a) For Claimant.** A party seeking to recover upon a claim, counterclaim, or cross-claim or to obtain a

declaratory judgment may, at any time after the expiration of 20 days from the commencement of the action or after service of a motion for summary judgment by the adverse party, move with out without supporting affidavits for a summary judgment in the party's favor upon all or any part thereof.***

**(c) Motions and Proceedings Thereon.** The motion shall be served at least 10 days before the time fixed for the hearing. The adverse party prior to the day of hearing may serve opposing affidavits. The judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. A summary judgment, interlocutory in character, may be rendered on the issue of liability alone although there is a genuine issue as to the amount of damages. ***

**(e) Form of Affidavits; Further Testimony; Defense Required.** Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein. Sworn or certified copies of all papers or parts thereof referred to in an affidavit shall be attached thereto or served therewith. The court may permit affidavits to be supplemented or opposed by depositions, answers to interrogatories, or further affidavits. When a motion for summary judgment is made and supported as provided in this rule, an adverse party may not rest upon the mere allegations or denials of the adverse party's pleading, but the adverse party's response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial. If the adverse party does not

so respond, summary judgment, if appropriate, shall be entered against the adverse party.***

**Rules of the United States District Courts for the Southern and Eastern Districts of New York (Effective April 15, 1997, Amended to July 1, 2003)[1]**

**Rule 56.1 Statement of Material Facts on Motion for Summary Judgment**

(a) Upon any motion for summary judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure, there shall be annexed to the notice of motion a separate, short and concise statement of the material facts as to which the moving party contends there is no genuine issue to be tried. Failure to submit such a statement may constitute grounds for denial of the motion.

(b) The papers opposing a motion for summary judgment shall include a separate, short and concise statement of the material facts as to which it is contended that there exists a genuine issue to be tried.

(c) All material facts set forth in the statement required to be served by the moving party will be deemed to be admitted unless controverted by the statement required to be served by the opposing party.

(d) Each statement of material fact by a movant or opponent must be followed by citation to evidence which would be admissible, set forth as required by Federal Rule of Civil Procedure 56(e).

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[1] The Boards of Judges of the Eastern and Southern District of New York amended Local Rule 56.1 on February 26, 2004, effective March 26, 2004 (subsequent to the proceedings in this case) in a manner to further burden non-movants and facilitate dispositions of factual issues on paper rather than before a jury in the courtroom. See: www.nysd.uscourts.gov/rules/rules.htm.

## Copyright Office Rules

Circular 44, Cartoons and Comic Strips:

The copyright law of the United States (Title 17 of the United States Code) provides for copyright protection of literary and artistic works. Copyright protection begins automatically when a work is first created in a fixed form. Cartoons and comic strips are among the types of works of authorship protected by copyright. This protection extends to any copyrightable pictorial or written expression contained in the work. This protection does not extend to the title or general theme for a cartoon or comic strip or to the general idea or name for the characters depicted. Intangible attributes of characters are not copyrightable, but a drawing, picture, or depiction or a written description of a character may be registered for copyright. However, copyright does not extend to the idea for the character itself. A character may be protected under aspects of state, common, or trademark laws. Likewise, titles and names may sometimes be protected under state law doctrines or state and federal trademark laws, but such protection is not provided for in the copyright code. Consult an attorney for details.

## Statement of the Case

Subject matter jurisdiction in the District Court in actions 00 CV 5686 (LAK) and 02 CV 8466 (LAK) was founded on 28 U.S.C. 1331, 1338, 1367 and 2201. The counterclaims were founded on 28 U.S.C. § 1367. The appeal to the Court of Appeals was from a Final Judgment and Permanent Injunction entered on June 13, 2003 that disposed of all parties' claims in both actions. (Set forth in Appendix C.)

The Court of Appeals' jurisdiction was based on 28 U.S.C. § 1291. The case below presented important questions of interpretation and application of the Copyright Acts of 1909 and 1976.

Archie Comics Publications, Inc., a comic book publisher, filed a complaint seeking declaratory judgment from the District Court that it was the sole owner of three groups of profitable comic book characters originally created in 1960, 1962 and 1982 by freelance comic book artist Daniel DeCarlo, who supplied comic book illustrations to the publisher as an independent contractor for over 40 years. The publisher filed a motion for summary judgment, accompanied by a 238-paragraph "Statement of Undisputed Facts" pursuant to Local Rule 56.1, accompanied by a foot-high pile of documents, a large number of which had never been produced in discovery.

Counsel for the non-movant defendant/counterclaimant artist responded with a counter-statement of genuine issues of material fact identifying a short list of key factual disputes as to each group of cartoon characters (set forth at pp. A-282-A-287 of Joint Appendix in Court of Appeals) the key ones of which, for purposes of this Petition, were the following:

> Pursuant to Local Rule 56.1, defendant respectfully submits that the following genuine issues of material facts are sharply disputed and should be submitted to the trial jury:
>
> * * *

A. *Josie Characters* ***

6. Was Defendant's silence regarding ACP's licensing of Josie and the Pussycats intended by him to mislead Plaintiff into believing that ACP owned the copyright in the original Josie comic strip depictions of the characters and calculated to prevent ACP from learning the truth? (See DeC. Tr.-1 at 145-147; 176-180; 187; 214 -217; 219; 221-225; 269-27; DeC. Tr.-2 at 106-109; 234-236; 332-335; 425-426; Ex. 28; Seymour Dec. Exs. A, B, C).***

B. *Sabrina characters.* ***

3. Were the original model sheet depictions of the Sabrina characters "works for hire"? (See DeC. Tr.-2 at 1922; 28-31; 83-84; 90-96; 97-1033; 130; 155; 157; 337-338;406-410; 410-414; 428-429; Ex. 28; Seymour Decl. Exs. A, B, C).

4. Did the 1988 or 1996 agreements transfer ownership of the copyrights in Mr. DeCarlo's original model sheet depictions of the Sabrina characters to ACP? (See DeC. Tr.-1, Exs. 47 and 49; DeC. Tr-2 at 134-135).***

C. *Cheryl Blossom Characters.* ***

3. Did the 1988 or 1996 agreements transfer ownership of the copyrights in Mr. DeCarlo's original model sheet depictions of the Cheryl Blossom characters to ACP? (See DeC. Tr.-1, Exs. 47 and 49). ***

The District Court castigated DeCarlo's counsel for failure to respond "appropriately" to the remaining 200-plus paragraphs in the movant's Rule 56.1 statement, and then the District Court proceeded to weigh the evidence, draw factual inferences and make findings of fact holding against the artist on the four key issues above on which he sought a jury trial. (The Court's full opinion is set forth in Appendix A.)

The Court of Appeals affirmed by summary order. (Appendix B.)

## ARGUMENT

## Why Certiorari Should Be Granted

Petitioner asserts that the Second Circuit Court of Appeals, by approving the District Court's use of EDNY/SDNY Local Rule 56.1 to marshal the evidence and make findings of fact on all factual issues, has so far sanctioned a departure from the accepted and usual course of judicial proceedings as to call for the exercise of the Supreme Court's supervisory powers. (See S.Ct. Rule 10(a).) Furthermore, since *all* of the other District Courts in the Second Circuit have substantially similar Local Rules – which presumably are widely copied in other Districts in other Circuits, the questions presented here raise an important question of federal law that has not been, but should be, settled by this Court. (S.Ct. Rule 10(c).)

### 1. AS APPLIED BY THE COURTS IN THE SECOND CIRCUIT, LOCAL RULE 56.1, VIOLATES THE VERY PURPOSE OF SUMMARY JUDGMENT BY SUBSTITUTING A VOLUMINOUS AND TIME-CONSUMING TRIAL BY AFFIDAVIT IN PLACE OF SPEEDY JURY RESOLUTION OF FACTUAL DISPUTES

EDNY/SDNY Local Rule 56.1 (set forth above) appears unobjectionable on its face when read in conjunction with Federal Rule 56. However, in actual practice, the Local Rule as applied in this and other cases [and as recently amended (see fn.1)] completely alters and frustrates the purpose of summary judgment. This is how the District Court below interpreted and applied Local Rule 56.1 in this case:

> In order for a Rule 56.1 statement in opposition to a motion for summary judgment to serve this purpose *it must respond appropriately to the movant's statement.* Thus, "[a] proper Rule 56.1 statement submitted by a non-movant *should consist of a paragraph-by-paragraph response to the movant's Rule 56.1 statement* much like an answer to a complaint" *and must cite*

*admissible evidence* in support of the non-movant's contention that there is admissible evidence creating a genuine issue for trial. And *while it "is permissible for the non-movant to provide a separate statement*, apart from this paragraph-by-paragraph response, in which it lists other facts it claims to be in dispute . . .[,] *this separate statement is not a substitute for the paragraph-by-paragraph response*. The non-movant, particularly if represented by counsel, should not leave it to the Court to cull from this separate statement the pieces of evidence which would support the contentions of the non-movant asserted in its paragraph-by-paragraph response without citation."

Defendant has ignored these requirements. *Plaintiff submitted a detailed, 238-paragraph Rule 56.1 statement, each and every paragraph containing citations to the evidence upon which plaintiff relies for the asserted proposition*. Defendant's responding statement, however, leaves the Court at sea as to the basis for defendant's contentions that there are genuine issues of material fact.

The section of defendant's Rule 56.1 statement that responds to ACP's statement contains three parts. The first lists the numbers of the paragraphs of ACP's statement that plaintiff does not dispute, which is entirely appropriate. The second is a list of 109 paragraph numbers which defendant disputes "on the grounds that they are variously inaccurate, misleading, irrelevant, hearsay, argumentative and/or incomplete." *It is utterly unsupported by any citations to the record*, instead referring the Court to all of the transcripts and other sources cited by ACP "for an accurate presentation of the facts" *although it must be noted that defendant's Rule 56.1 statement contains also a section, not directly responsive to ACP's statement, in which she asserts that certain enumerated propositions – many of which are conclusions of law and not factual assertions at all –*

> *are disputed and includes some record citations*. The third lists 78 paragraphs which, defendant contends, she cannot admit or deny "because they relate to transactions and discussions conducted out of [DeCarlo's] presence, without any participation, knowledge or consent on his part."
>
> *This response is utterly insufficient*. To the extent that defendant denies the assertions of plaintiff's Rule 56.1 statement, she has declined to provide citations to the record supporting her claim that certain of the movant's statements of allegedly undisputed facts actually are disputed. She instead has left the Court to "scour the record on its own in a search for evidence . . . that a certain fact is in dispute" and to seek "to cull from [her] separate statement the pieces of evidence which would support the contentions . . . asserted in [her] paragraph-by-paragraph response without citation." In substance, the Court is asked "to peruse a haystack looking for needles." *To the extent she denies the ability to admit or deny those assertions, her response also is insufficient because alleged inability to admit or deny is no excuse*, at least in the absence of a sufficient Rule 56(f) affidavit, and none has been submitted here.

258 F. Supp.2d 315, 317-319 (Reproduced in the Appendix at A-5–A-8) (fn. omitted.) (Emphasis added.)

Requiring a "paragraph-by-paragraph response" to every single factual assertion by a moving party – no matter how trivial or irrelevant (in this case, a 238-paragraph statement of facts – most of which are *not* material to the outcome of this case as defined in *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)), converts motions for summary judgment into make-work, costly and time-consuming exercises, whose sole purpose is to facilitate judicial dispositions on the papers without trial.

## 2. LOCAL RULE 56.1, AS INTERPRETED BY THE DISTRICT COURTS AND CONFIRMED BY THE COURT OF APPEALS, REQUIRES THE NON-MOVANT TO PRESENT HIS ENTIRE CASE IN RESPONSE TO THE MOVING PARTY'S STATEMENT OF MATERIAL FACTS – NOT SIMPLY TO SET FORTH "SPECIFIC FACTS SHOWING THERE IS A GENUINE ISSUE FOR TRIAL" AS DIRECTED BY FEDERAL RULE 56.

The District Courts by their Local Rule 56.1, have converted a motion for summary judgment into a blunderbuss Rule 36 Request for Admissions – but with none of the protections provided under that Rule [*e.g.*, 30 days to respond; right to object to particular requests; procedure to resolve objections; further opportunity to respond.]

The District Court's requirement that the non-movant must reply in detail to every one of 238 separate numbered factual assertions, and provide specific citations to *all* relevant evidence as to each paragraph – and to do so under extreme time pressure – instead of simply complying with Rule 56 by identifying the key issues of material fact, is unreasonable in itself, particularly for parties of limited resources represented by small firms or solo practitioners, particularly those (as in this case) working *pro bono*.

But the real harm is that Rule 56.1 virtually guarantees a well-heeled corporate party that it will escape a jury trial and delay final disposition of a case for months or years simply by serving a voluminous statement of facts with a motion for summary judgment. Local Rule 56.1 pressures the courts to dispose of cases by resolving factual issues themselves instead of sending them out to trial.

The whole purpose of Federal Rule 56 – to provide a method for promptly disposing of actions in which *there is no genuine issue* as to any material fact – has been thwarted and frustrated by the District Court requirement of "a paragraph-by-paragraph response to the movant's Rule 56.1

statement" *in addition to* the non-movant's separate statement of genuine issues. Such a separate detailed statement can serve no purpose except to encourage paper trials of the entire case.

This perversion of Rule 56 is directly contrary to Supreme Court decisions describing the role of the District Court in passing on motions for summary judgment:

> *** At the summary judgment stage the judge's function is not himself to weigh the evidence and determine the truth of the matter but to determine whether there is a genuine issue for trial.

*Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, at 249-250 (1985).

The *only* statement that is or should be required from the non-moving party under Fed.R.Civ.P. Rule 56 is whether the non-movant contends there is a genuine issue as to any material fact requiring resolution by a trier of fact, and, if so, a specification of *the evidence showing the existence of such an issue*. As this Court has said:

> Rule 56(e) provides that, when a properly supported motion for summary judgment is made, the adverse party "must set forth specific facts showing that there is a genuine issue for trial." And, as we noted above, Rule 56(c) provides that the trial judge shall then grant summary judgment if there is no genuine issue as to any material fact and if the moving party is entitled to judgment as a matter of law. There is no requirement that the trial judge make findings of fact. The inquiry performed is the threshold inquiry of determining whether there is the need for a trial – whether, in other words, there are any genuine factual issues that properly can be resolved only by a finder of fact because they may reasonably be resolved in favor of either party.

(*Ibid.* at 250) (Footnotes omitted.)

The Second Circuit has wandered away from this straightforward judicial function into a procedure that invites District Courts to resolve all issues of fact – material or otherwise – on the papers filed by the parties. This is a plain misuse of the summary judgment procedure:

> If the defendant in a run-of-the-mill civil case moves for summary judgment or for a directed verdict based on the lack of proof of a material fact, the judge must ask himself *not whether he thinks the evidence unmistakably favors one side or the other* but whether a fair-minded jury could return a verdict for the plaintiff on the evidence presented. The mere existence of a scintilla of evidence in support of the plaintiff's position will be insufficient; there must be evidence on which the jury could reasonably find for the plaintiff. *The judge's inquiry, therefore, unavoidably asks whether reasonable jurors could find by a preponderance of the evidence that the plaintiff is entitled to a verdict* – "whether there is [evidence] upon which a jury can properly proceed to find a verdict for the party producing it, upon whom the *onus* of proof is imposed." *Munson, supra* at 448.

(*Ibid.* at p.252) (Emphasis added.)

The District Court violated the judicial role delineated above, and the Court of Appeals perfunctorily approved the District Court's misappropriation of the jury's role with its summary order.

### 3. LOCAL RULE 56.1 SUBSTITUTES A PAPER TRIAL FOR A LIVE WITNESS TRIAL BY JURY, IN VIOLATION OF THE SEVENTH AMENDMENT

Instead of simply requiring the adverse party to provide a response that "must set forth specific facts showing that there is a genuine issue for trial", Fed.R.Civ.P. Rule 56(e), EDNY/SDNY Local Rule 56.1 requires the non-movant

to present a detailed statement of his full case, with citations to all supporting evidence, in a paragraph-by-paragraph response to the movant's "statement of material facts."

The non-movant is expected to prepare and serve such a detailed statement within a very short time after service of the movant's papers, creating an opportunity for the moving party to bury his adversary simply by serving a voluminous (in this case) 238-paragraph statement of purported material facts, accompanied by stacks of never-before-produced affidavits and documents (as in this case).

There are several adverse due process consequences from EDNY/SDNY Local Rule 56.1 (and its counterparts in other District Courts):

1. Summary Judgment becomes a cumbersome, time-consuming, costly procedure, instead of a method "for promptly disposing of actions in which there is no issue as to any material fact." See *Advisory Committee Note*, 1937 Adoption.

2. Instead of rendering a judgment "forthwith" (Rule 56(c)), the Local Rule bogs down the entire process, consuming far more time than conducting several jury trials end-to-end – in this case, a total of 18 months from the filing of the first motion paper (on 12/6/01) until the entry of the District Court's summary judgment (on 6/13/03) without even any oral argument. (During this protracted period in this case, the principal source of live testimony available for a jury trial – the 81-year-old freelance artist – died of pneumonia.)

3. The paragraph-by-paragraph detailed response required by the Local Rule irresistibly draws the District Court into disposing of the litigation "on the papers" by *actually deciding* all issues of fact (and necessarily doing so *in favor of* the moving party – there being no other choice available), thus terminating the case with the help of law clerks and without bothering with a jury.

All of these adverse due process consequences occurred in this case, in total disregard of basic hornbook rules of practice governing proper summary judgment procedure.

**(a) The District Court Made Factual Inferences and Decided Disputed Questions of Historical Fact**

As a general rule, disputed questions of historical fact should almost always be submitted to a jury for resolution. See *Moore's Federal Practice 3rd*, at § 56.1[5][b]:

> **[b] – Questions of Historical Fact and Mixed Questions of Law and Historical Fact Usually Should be Decided at Trial**
>
> In a case like the hypothetical automobile accident, the question of which party drove with the green light is what is termed by some commentators as a question of historical fact or the existence of fact. The definition of an historical fact is a matter about which the factfinder is called on to determine the unfolding of an event or the existence or nonexistence of a matter. This type of fact finding generally must be done at trial, not through summary judgment.
>
> Even if the determination of historical fact involves inference from facts rather than unearthing of facts, the making of the inference and the determination of the historical fact is usually held to be a jury question. Thus, questions of fact inference or fact assessment are also decisions properly reached at trial and not at summary judgment.

The *Josie* cartoon characters were created prior to 1960; the *Sabrina* cartoon characters were created in 1962; the *Cheryl Blossom* cartoon characters were created in 1982 – a spread of 18 to 40 years prior to the commencement of this litigation.

Throughout the case below there ran one critical and basic factual question: what constituted *the first creation "in a fixed form"* of each of the characters for purposes of copyright protection? (See Copyright Office Circular 44, set out *supra*) In the case of *Josie*, the first creation in a fixed form was as unpublished daily comic strips. In the case of the *Sabrina* and *Cheryl Blossom* cartoon characters, the first creations in a fixed form were pencil-drawn "model sheets" prepared by the cartoonist for the publisher's acceptance before the preparation and submission of any art work to illustrate the comic book stories. These original model sheets portraying the new characters were prepared by the artist to present the prototypes ("models") for an entirely new cast of characters who would later appear as illustrations in stories published in the pages of the comic books themselves. Once created, these character "prototypes" could then even be traced by other artists working for the publisher, and still maintain the same likenesses, style and appearance of the original creations. The key creative process was developing new characters who were fresh and unique and who could build a following among comic book buyers. The District Court acknowledged this use of model sheets, but then disregarded the conflicting model sheet evidence *in every one of its decisions* resolving issues of material fact.

**Josie Characters**

On the publisher's motion for summary judgment, the cartoonist asserted that the genuine issue of material fact as to *Josie* was whether ACP was deceived by DeCarlo into believing that it, the publisher, was the true copyright owner of the *Josie* characters (thereby equitably estopping him from claiming ownership himself).

This had been the subject of earlier litigation, but it then appeared in the case below that ACP had withheld critical documentary evidence in its possession that showed ACP explicitly recognized the cartoonist (DeCarlo) as "author" (*i.e.*, owner) of all comic book pages in which the cartoon

characters appeared, refuting any claim that ACP believed itself to be the owner (*i.e.*, "author"). The District Court turned ACP's withholding of these documents on its head, erroneously attributing the withholding to DeCarlo, not ACP – thereby making wholly improper witness credibility determinations on the issue:

> He [DeCarlo] has offered no explanation *for his failure* in that case to raise the contention he now makes. (A-26) (Emphasis added.)

**Sabrina Characters**

The District Court made two separate findings of fact on disputed material factual issues regarding the *Sabrina* cartoon characters. First, he transformed the 1962 payment for *comic book pages* depicting *Sabrina* into a finding that the payment for those pages also covered the original 1962 *model sheet* in which *Sabrina* was first created "in a fixed form", but for which no payment was ever separately made. The Court simply drew an inference of fact that payment for the comic book pages *also* covered the model sheet, an inference from conflicting evidence which only a trial jury could draw. Nevertheless, the Court squarely held, contrary to direct contradictory testimony, and with no mention of the existence of an issue of fact:

> DeCarlo was paid for his contributions to the *Sabrina* properties. (A–27)

Secondly, the District Court interpreted the ambiguous 1988 and 1996 artist contracts to include retrospective transfers of ownership of the *Sabrina* characters, despite the fact those contracts also make no mention whatsoever of "*model sheets*":

> *** [T]he 1988 Agreement assigned to ACP all of DeCarlo's "rights, title and interest in the Existing Third Party Works heretofore submitted to Archie" and conveyed to ACP any rights that DeCarlo had in

> any of the comic strips and pages that he previously had "submitted to Archie," which included all of his *Sabrina* artwork. (fns omitted) (A-34)

Whether model sheets were covered by the ambiguous contract language was plainly a question that should have been decided by the jury.

**Cheryl Blossom Characters**

The District Court likewise interpreted the same ambiguous 1988 and 1996 artist contracts as transferring ownership of the *model sheet* depictions of *Cheryl Blossom* to Archie, this time by the Court denominating her as part of the Archie Family – a contract interpretation and factual inference drawn from conflicting evidence that should once again have been resolved by a trial jury:

> The *Cheryl Blossom* works are part of the *Archie* property. Paragraph 2(b) of the 1988 agreement provides that DeCarlo "hereby expressly waives all claims of right which [he] may have to any ownership interest in such works and/or the ARCHIE property." In consequence, ACP also is the owner of any copyright interests in the *Cheryl Blossom* property. Moreover, for reasons discussed above, DeCarlo assigned any rights he may have had to any such works in the 1988 and 1996 Agreements. (fn. omitted) (A-38)

**(b) The District Court Never Seriously Considered the Need for a Jury Trial**

*Moore's Federal Practice 3rd*, [§56.11[5][a], explains the basic process a District Court should follow when considering a motion for summary judgment – a process with which Local Rule 56.1 directly conflicts:

**Court Must Determine if Need for Trial Exists, But Must Avoid Making Fact Findings or Credibility Determinations**

**[a] – Court Deciding Summary Judgment Motion Generally May Not Make Fact Findings**

Courts ruling on summary judgment motions are to review the submissions of the parties and determine whether a factual dispute of sufficient magnitude exists to warrant trial. However, a court that is ruling on summary judgment may not resolve factual disputes or make credibility determinations. In determining whether a factual dispute warranting trial exists, the court must view the record in the case and the summary judgment submissions in the light most favorable to the nonmovant.

In other words, the court deciding a summary judgment motion is not to make a determination of any specific facts such as whether the stoplight was red or green when the defendant drove through the intersection. Rather, the court reviews the summary judgment motion and response papers and seeks to determine whether the record reveals a disputed factual issue material enough to require a trial and factfinder determination (usually by a jury) of the factual question. For example, if the defendant through affidavit claims the light was green in his favor, but an eyewitness at deposition testifies that the light was red against the defendant, there exists relevant and substantial evidence on both sides of the issue, creating a genuine dispute of material fact, which necessitates trial and precludes summary judgment.

The court on the basis of this hypothetically thin record could not determine whether the light was red or green unless it improperly weighed the evidence or deemed one witness more credible than the other.

(pp. 56-105 to 56-108) (footnoted citations omitted)

Nowhere in the opinions below do either the District Court or the Court of Appeals seriously consider whether the non-movant set forth facts or evidence raising genuine issues for trial.

The District Court ridiculed DeCarlo's statement of issues to be tried:

> *** although it must be noted that defendant's Rule 56.1 statement contains also a section, not directly responsive to ACP's statement, in which she asserts that certain enumerated propositions – many of which are conclusions of law and not factual assertions at all – are disputed and includes some record citations.

(A-7) (fn. omitted.)

The District Court then simply overruled and disregarded these issues, assuming the function of fact-finder on all disputed factual questions, usurping the jury's role and making the Court's own findings of fact.

**Josie Characters**

Here is non-movant DeCarlo's statement of the genuine issue for trial regarding *Josie*:

> Was Defendant's silence regarding ACP's licensing of Josie and the Pussycats intended by him to mislead Plaintiff into believing that ACP owned the copyright in the original Josie comic strip depictions of the characters and calculated to prevent ACP from learning the truth? ***

(p. 8, *supra*)

The statement is followed by eleven (11) citations to deposition testimony and four (4) separate documentary exhibits. (See Joint Appendix in Court of Appeals at A-283 and the related pages setting forth the actual evidence cited therein.)

Because there was an earlier decision on estoppel, the threshold question was whether to re-open that question in the light of newly-produced documents withheld by ACP (the beneficiary of the estoppel ruling) in the prior case. The Court below never mentioned that fact, but instead made a finding against DeCarlo based on the ruling that *the artist* had provided "no explanation" for failure to produce these documents – a credibility determination contradicting what the documents themselves showed on their face had actually transpired. (A-23–A-26)

**Sabrina Characters**

This is DeCarlo's statement of the genuine issue of material fact for trial regarding *Sabrina*:

> Were the original model sheet depictions of the Sabrina characters "works for hire"?

(p. 8, *supra*)

That statement is followed by twelve (12) citations to deposition testimony and four (4) separate documentary exhibits. (See Joint Appendix in Court of Appeals at A-283 and related pages containing the actual evidence.)

The Court below never even mentioned the model sheet issue, but instead made a sweeping factual finding that ACP paid DeCarlo "a sum certain" based on ACP's payment to DeCarlo for illustrating the first Sabrina story, and that ACP's identification of DeCarlo as "author" on check endorsements did not apply to Sabrina.

2. *Sabrina*

> ACP asserts ownership of the Sabrina property on a number of grounds. The Court begins with the contention that DeCarlo's contributions to each were works for hire in consequence of which ACP owns the copyrights. (A-26)

* * *

*First*, the lynchpin of DeCarlo's contention that there indeed was an agreement or agreements to the contrary is the form of voucher agreement and the check endorsements to which reference already has been made. But he has produced no such agreement with respect to any *Sabrina* contributions. *Rather, he has adduced evidence that there were, or perhaps were, voucher agreements and check endorsements relating to his Sabrina contributions – all of which have been lost – and that their terms were "similar" or "identical" to the forms that he has proffered, at least so far as a couple of witnesses remember decades later.*

The best evidence rule ordinarily requires that the terms of a written instrument be proved by the instrument itself. Where, as here, the original instrument has been lost, its contents may be proved by other evidence. And that is what DeCarlo has sought to do. *The question is whether the evidence is sufficient to raise a genuine issue of material fact.* (A-27–A-28) (fns. omitted) (Emphasis added.)

* * *

*There is considerable uncertainty as to the language of the forms of voucher agreement and check endorsements that were used in the 1960's when Sabrina was created and at any other time prior to the effective date of the 1976 Act.* The evidence concerning the voucher agreement was that a form of voucher agreement has been used in the art department to pay for work produced for ACP, but there is no proof as to when that practice started. *One ACP witness testified that the form used in 2000 is "similar" to the 1981 version produced during discovery. Two freelance artists aver that they were required by ACP for many years to sign voucher forms containing language similar or identical to that on the 1981 version, although neither was able to quote or produce the language.*

The situation with respect to the check endorsements is similar. We have DeCarlo's handwritten copy of an endorsement he says he signed in 1970, but he was not able to say precisely what wording was used at various other points during his relationship with ACP. The only surviving check endorsed by DeCarlo (it bears the form of endorsement quoted above) is dated January 3, 1986, long after the effective date of the 1976 Act. The declaration of the two other artists that defendant has submitted are equally unilluminating. Mr. Bolling produced a form of endorsement used in 1980 that is identical to that on DeCarlo's 1986 check, which suggests that this particular form was in use at least during the period 1980 through early 1986. And Mr. Edwards avers that he signed hundreds of check endorsements over nearly four decades which were "similar" to that form, whatever that means.

In the last analysis, *it is DeCarlo's burden to produce evidence which, if credited, would permit a trier of fact reasonably to conclude, by clear and convincing evidence, that DeCarlo and ACP agreed that DeCarlo would own the copyright to his pre-1978 contributions to the Sabrina property notwithstanding the "almost irrebutable" presumption that these were works for hire.* While there is evidence as to a form of endorsement used in the period from 1980 until 1986 and as to a form of voucher agreement used in 1981, the Copyright Act provisions dealing with works for hire changed with the enactment of the 1976 Act. The evidence demonstrates also that the form of endorsement used in at least part of the 1980's differed from that which DeCarlo copied down in 1970, thus confirming that the language changed at least once in the 1970-1980 period. Beyond that, we have nothing as to the wording that was used either in the endorsements or in the voucher agreement at any

time prior to the effective date of the 1976 Act beyond conclusory assertions, decades after the fact, that it was similar or identical to that used later on.

*In these circumstances, any determination by a trier of fact as to what the text was during the relevant period, even with the benefit of the vague testimony of Messrs. Edwards and Bolling, would be speculation.* Hence, even assuming that knowledge of the language would answer the work for hire question, *DeCarlo has failed to sustain his burden of adducing admissible evidence which, if credited, would permit a rational finding, by clear and convincing evidence, as to the substance of that language. Indeed, the Court would reach precisely the same result under a preponderance of the evidence standard, as this Circuit does "not permit an issue to go to trial on the basis of mere speculation in favor of the party that bears the burden of proof."* "[A]n inference is not a suspicion or a guess. It is a reasoned, logical decision to conclude that a disputed fact exists on the basis of another fact (that is known to exist)." *The evidence before the Court does not permit a reasoned, logical decision as to the terms of any voucher agreements and check endorsements during the relevant period.* (A-29–A-32) (fns. omitted) (Emphasis added.)

* * *

The language of the 1970 endorsement copied down by DeCarlo does not even expressly acknowledge an assignment. The acceptance of the payment "for all of the undersigned's right, title and interest" in the enumerated works might have reflected a transfer of a limited right, whether one-time use or something else. *But it is equally plausible that it was in the nature of a quitclaim* – a transfer of DeCarlo's interest, *if any*, in the works – *or perhaps of common law copyright or possessory rights. It simply is not clear.* And the result in such a situation, *Playboy* teaches, is that

the presumption of a work for hire relationship prevails. (A-34) (Emphasis added.)

**Cheryl Blossom Characters**

A secondary ground for the Court's finding of the publisher's ownership of *Sabrina*, and the sole ground for the finding of the publisher's ownership of *Cheryl Blossom* were the two ACP contracts of 1988 and 1996, which are *both* silent on the issue of "model sheet" transfer or ownership. Those words never appear anywhere in either agreement.

In his Rule 56 statement of genuine issues of material fact, DeCarlo squarely challenged the applicability of the contracts:

> Did the 1988 or 1996 agreements transfer ownership of the copyrights in Mr. DeCarlo's original model sheet depictions of the Sabrina characters to ACP? (p. 8, *supra*)
>
> Did the 1988 or 1996 agreements transfer ownership of the copyrights in Mr. DeCarlo's original model sheet depictions of the Cheryl Blossom characters to ACP? (p. 8, *supra*)

Each of these DeCarlo statements of material issues for trial cited as evidence the contracts themselves, which were drawn by ACP and are ambiguous on their face. (See Joint Appendix in Court of Appeals at A-284, and related pages containing the actual contracts.)

But the District Court dealt with the contract ambiguity issue simply by sidestepping it and reaching its own decision as to what the contracts provided, thereby usurping the jury's classic role.

On the transfer of *Sabrina* from the artist to the publishers the Judge ruled:

> *Third*, the 1988 Agreement assigned to ACP all of DeCarlo's "rights, title and interest in the Existing

> Third Party Works heretofore submitted to Archie" and conveyed to ACP any rights that DeCarlo had in any of the comic strips and pages that he previously has "submitted to Archie," which included all of his *Sabrina* artwork. (fns omitted.) (Appendix, p. 34)

The District Court acknowledged that DeCarlo had prepared a model sheet for the Cheryl Blossom characters:

> Goldwater explained to DeCarlo that he wanted to create a "real sex symbol," a rich and snobby character, and he asked DeCarlo to draw her and her family. *DeCarlo drew a model sheet depicting a family as Goldwater had requested, chose the name Cheryl Blossom, and created Jason, Cheryl's twin brother, a girlfriend of Cheryl's and her parents.*

(A-14–A-15) (fns. omitted) (Emphasis added.)

Nevertheless, the District Court resolved the contract language ambiguity issue as to *Cheryl Blossom* by a factual determination that she was "part of the Archie family," never considering the factual difference between model sheets (not expressly mentioned in the contracts) and comic book pages (to which the contracts plainly apply). (See A-38)

Each of these bona fide and genuine issues of disputed material facts should have been sent to a trial jury. The District Court avoided the trouble of doing so by making his own inferences and findings of fact – simply disregarding the contrary evidence cited and supplied by DeCarlo.

## CONCLUSION

### WHEN DISTRICT JUDGES FOR CONVENIENCE DISPENSE WITH JURY TRIALS GUARANTEED BY THE CONSTITUTION THEY JEOPARDIZE THE IDEAL OF BLINDFOLDED JUSTICE

On December 14, 2003, *The New York Times* reported an ABA study of the frequency of civil trials in the federal court system:

In 1962, the study says, 11.5 percent of all civil cases in the federal court went to trial. By last year, that number had dropped to 1.8 percent. And even though there are five times as many lawsuits today, the raw number of civil trials has dropped, too. They peaked in 1985 at 12,529. Last year, 4,569 civil cases were tried in federal court.***

In 1962, the average federal judge conducted 39 trials a year, including both civil and criminal cases. These days, that number has fallen to 13. Judges spend the rest of their time doing such things as supervising the exchange of information between parties, deciding pretrial motions, and urging or approving settlements and plea bargains.***

But Gillian Hadfield, a law professor at the University of Southern California, said settlements might actually be in decline.

"We need to follow up on this initial study to confirm these numbers," Professor Hadfield said, "but at this point it looks as though the percentage of cases terminated in settlement has fallen by between 10 and 15 percentage points, from approximately 50 percent in 1970 to between 35 and 40 percent during the 1980's and 1990's."

By contrast, she continued, "nontrial adjudications" – written decisions by judges typically based only on papers submitted by the parties – have risen to 50 percent from 32 percent since 1970.***

Professor Arthur Miller of Harvard Law School commented on this trend:

"We speak glowingly of letting people have their day in court," he said. "Now they have their day on papers."

EDNY/SDNY Local Rule 56.1 (and its parallels in other districts) help to explain the trend toward "nontrial adjudications", and deserves this Court's intervention both because of the threat to Constitutional rights and also because of the need for public confidence in the fairness of the federal judicial system.

The Due Process Clause entitles a person to an impartial and disinterested tribunal in both civil and criminal cases. This requirement of neutrality in adjudicative proceedings safeguards the two central concerns of procedural due process, the prevention of unjustified or mistaken deprivations and the promotion of participation and dialogue by affected individuals in the decision-making process.

The genius of the American jury system is that it assures the parties that their rights are not subject to subconscious bias or pre-conditioning.

Civil cases in the Second Circuit are usually assigned to a single District Judge for all purposes from start to finish (as in this case). When a party demands a jury trial (as in this case) but a jury never participates in the decision-making that results in depriving the party of the fruits of his life's work (as in this case) it is understandable that the losing party may wonder whether the trial judge's professional background in a major corporate law firm (as in this case) may have subconsciously developed an attitude that juries cannot handle complex commercial cases.

Those who crafted our Bill of Rights were well aware of the likelihood of such concerns of subconscious bias, and therefore took steps to eliminate them by offering litigants the option of trial by jury:

> The neutrality requirement helps to guarantee that life, liberty, or property will not be taken on the basis of an erroneous or distorted conception of the facts or the law. At the same time, it preserves *both the appearance and reality of fairness,* "generating the feeling, so important

> to a popular government, that justice has been done," by ensuring that no person will be deprived of his interests in the absence of a proceeding in which he may present his case with assurance that the arbiter is not predisposed to find against him. (Emphasis added.)
>
> *Marshall v. Jerrico, Inc.*, 446 U.S. 238, 241, 100 S.Ct. 161, 64 L.Ed.2d 182 (1980) (citing *Carey v. Piphus*, 435 U.S. 247, 259-62, 266-67, 98 S.Ct. 1042, 55 L.Ed.2d 252 (1978); *Mathers v. Eldridge*, 424 U.S. 319, 344, 96 S.Ct. 893, 47 L.Ed.2d 18 (1996); *Joint Anti-Fascist Refugee Committee v. McGrath*, 341 U.S. 123, 172, 71 S.Ct. 624, 95 L.Ed. 817 (1951).

Motions for Summary Judgment trespass on the assurances of impartial tribunals by eliminating jury trials. That is why developments like the EDNY/SDNY Local Rule 56.1, which shift away from juries to judge-made decisions, should be carefully evaluated to prevent abuses like those present in this case.

This Court should grant certiorari to examine the issue closely and exercise its supervisory power over the summary judgment process in the lower federal courts.

Dated: New York, New York
May 21, 2004

Respectfully submitted,

WHITNEY NORTH SEYMOUR, JR.
*Attorney for Petitioner*
425 Lexington Avenue, Room 1721
New York, New York 10017-3954
(212) 455-7640

Appendix A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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ARCHIE COMIC PUBLICATIONS, INC.,

Plaintiff,

-against-

JOSETTE DUMONT DECARLO,
Executrix of the Estate of Daniel S. DeCarlo,

Defendant.

00 Civ. 5686 (LAK)

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ARCHIE COMIC PUBLICATIONS, INC.,

Plaintiff,

-against-

JOSETTE DUMONT DECARLO,
Executrix of the Estate of Daniel S. DeCarlo,

Defendant.

02 Civ. 8466 (LAK)

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**ORDER**

LEWIS A. KAPLAN, *District Judge.*

On March 31, 2003, this Court granted plaintiff's motion for summary judgment in No. 00 Civ. 5686 and issued an extensive opinion. Plaintiff subsequently moved for reconsideration to the extent of (1) limiting the injunction described in paragraph 5(b) of the conclusion to the *Sabrina* property, and (2) refraining from expressing any opinion as to the validity of timely future attempts by defendant or her testator's heirs to terminate pursuant to 17 U.S.C. § 203 with respect to the *Josie* and *Cheryl Blossom* properties. As these are matters that were not fully addressed on the motion, and which are

affected by *Marvel Characters, Inc. v. Simon*, 310 F.3d 280 (2d Cir. 2002), which was decided after the motion was submitted but before the opinion was issued, plaintiff is correct in suggesting that the proposed changes are appropriate. Moreover, the Court is in receipt of a letter dated April 18, 2003 from defendant's counsel which mentions the motion for reconsideration, raises no objection to the proposed changes, and asks to modify the opinion to dispose also of No. 02 Civ. 8466 in plaintiff's favor.

Accordingly, plaintiff's motion for reconsideration is granted in all respects. An amended opinion will be issued forthwith. Judgment will enter in favor of plaintiff and against defendant on all claims and counterclaims asserted in No. 02 Civ. 8466. The judgment to be settled pursuant to the opinion shall embrace both cases.

SO ORDERED.

Dated: April 22, 2003

Lewis A. Kaplan
United States District Judge

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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ARCHIE COMIC PUBLICATIONS, INC.,

Plaintiff,

-against-

JOSETTE DUMONT DECARLO,
Executrix of the Estate of Daniel S. DeCarlo,

Defendant.

00 Civ. 5686 (LAK)

---

ARCHIE COMIC PUBLICATIONS, INC.,

Plaintiff,

-against-

JOSETTE DUMONT DECARLO,
Executrix of the Estate of Daniel S. DeCarlo,

Defendant.

02 Civ. 8466 (LAK)

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Leora Herrmann, Edmund J. Ferdinand, III, Grimes & Battersby, LLP, *for Plaintiff.*

Whitney North Seymour, Jr., Landy & Seymour, *for Defendant.*

**MEMORANDUM OPINION**
**(On Reconsideration)**

KAPLAN, *District Judge.*

Plaintiff Archie Comic Publications, Inc. ("ACP") is a publisher of comic books including the well-known *Archie, Josie, Sabrina the Teenage Witch,* and *Cheryl Blossom* publications. The late Daniel S. DeCarlo was a comic book artist who did freelance work for ACP beginning in the early

1950s, contributed to the *Josie, Sabrina* and *Cheryl Blossom* properties, and in recent years began claiming ownership rights in those properties. ACP seeks declaratory and injunctive relief, essentially to quiet its title to these properties against recent claims by DeCarlo's estate.

The matter now is before the Court on plaintiff's motion for summary judgment on its first through fifth claims for relief in No. 00 Civ. 5686.[1]

## I. Facts

### A. *Defendant's Failure to Comply With Local Civ. R. 56.1*

There is a preliminary matter that must be addressed before getting to the pertinent facts.

On a motion for summary judgment, the moving party bears the burden of demonstrating that there is no genuine issue of material fact and that it is entitled to judgment as a matter of law.[2] In considering such a motion, all facts and inferences reasonably drawn therefrom are construed in favor of the nonmoving party.[3]

Local Civil Rule 56.1 of this Court, which is substantially similar to antecedents that have been in effect for many years, provides in relevant part as follows:

> "(a) Upon any motion for summary judgment . . ., there shall be annexed to the notice of motion a separate, short and concise statement of the material facts as to which the moving party contends there is

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[1] As it has withdrawn its sixth claim for relief, the motion seeks a disposition as to all of the remaining claims. Subsequent to issuance of the Court's initial opinion in this matter, defendant agreed that this ruling is dispositive also of No. 02 Civ. 8466.

[2] *Nationwide Life Ins. Co. v. Bankers Leasing Ass'n, Inc.*, 182 F.3d 157, 159 (2d Cir. 1999).

[3] *Id.*

no genuine issue to be tried. Failure to submit such a statement may constitute grounds for denial of the motion.

"(b) The papers opposing a motion for summary judgment shall include a separate, short and concise statement of the material facts as to which it is contended that there exists a genuine issue to be tried.

"(c) All material facts set forth in the statement required to be served by the moving party will be deemed to be admitted unless controverted by the statement required to be served by the opposing party.

"(d) Each statement of material fact by a movant or opponent must be followed by citation to evidence which would be admissible, set forth as required by Federal Rule of Civil Procedure 56(e)."

The purpose of the rule "is to assist the Court in understanding the scope of the summary judgment motion by highlighting those facts which the parties contend are in dispute."[4] In the absence of the required statements. "the Court is forced to scour the record on its own in a search for evidence which may support that party's contention that a certain fact is not in dispute."[5]

In order for a Rule 56.1 statement in opposition to a motion for summary judgment to serve this purpose, it must respond appropriately to the movant's statement. Thus, "[a] proper Rule 56.1 statement submitted by a non-movant should consist of a paragraph-by-paragraph response to

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[4] *Rodriguez v. Schneider*, No. 95 Civ. 4083 (RPP), 1999 WL 459813, at *1 n. 3 (S.D.N.Y. June 29, 1999). *Accord, e.g., Goldstick v. The Hartford, Inc.*, No. 00 Civ. 8577 (LAK), 2002 WL 1906029, at *1 (S.D.N.Y. Aug. 19, 2002); *Fernandez v. DeLeno*, 71 F.Supp.2d 224, 227-28 (S.D.N.Y. 1999).

[5] *Rodriguez*, 1999 WL 459813, at *1 n. 3.

the movant's 56.1 statement, much like an answer to a complaint" and must cite admissible evidence in support of the non-movant's contention that there is admissible evidence creating a genuine issue for trial.[6] And while it "is permissible for the non-movant to provide a separate statement, apart from this paragraph-by-paragraph response, in which it lists other facts it claims to be in dispute . . . [,] this separate statement is *not* a substitute for the paragraph-by-paragraph response. The non-movant, particularly if represented by counsel, should not leave it to the Court to cull from this separate statement the pieces of evidence which would support the contentions of the non-movant asserted in its paragraph-by-paragraph response without citation."[7]

Defendant has ignored these requirements. Plaintiff submitted a detailed, 238-paragraph Rule 56.1 statement, each and every paragraph containing citations to the evidence upon which plaintiff relies for the asserted proposition. Defendant's responding statement, however, leaves the Court at sea as to the basis for defendant's contentions that there are genuine issues of material fact.

The section of defendant's Rule 56.1 statement that responds to ACP's statement contains three parts. The first lists the numbers of the paragraphs of ACP's statement that plaintiff does not dispute, which is entirely appropriate. The second is a list of 109 paragraph numbers which defendant disputes "on the grounds that they are variously inaccurate, misleading, irrelevant, hearsay, argumentative and/or incomplete."[8] It is utterly unsupported by any citations to the record, instead referring the Court to all of the transcripts and other sources cited by ACP "for an accurate presentation

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[6] *Id.*

[7] *Id.* (emphasis in original).

[8] Def. 56.1 St. at 4, ¶ B.

of the facts" although it must be noted that defendant's Rule 56.1 statement contains also a section, not directly responsive to ACP's statement, in which she asserts that certain enumerated propositions — many of which are conclusions of law and not factual assertions at all[9] — are disputed and includes some record citations. The third lists 78 paragraphs which, defendant contends, she cannot admit or deny "because they relate to transactions and discussions conducted out of [DeCarlo's] presence, without any participation, knowledge or consent on his part."[10]

This response is utterly insufficient.[11] To the extent that defendant denies the assertions of plaintiff's Rule 56.1

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[9] For example, defendant contends that whether the original Josie and Sabrina depictions of the characters at issue were "works for hire," whether certain agreements transferred copyright ownership, whether a certain payment to DeCarlo resulted in a waiver, and whether the original depictions of the Sabrina characters were joint works subject to co-ownership all are disputed issues of fact. In most cases, she does not set forth the allegedly disputed evidentiary facts upon which she grounds her legal conclusions.

[10] Def. 56.1 St. at 5, ¶ C.

[11] *Sadler v. Moran Towing Corp.*, 204 F.Supp.2d 695, 696 (S.D.N.Y.2002) (response that failed to answer movant's statement "point by point" and to cite evidence in support of contention that factual issues existed insufficient); *Goldstick*, 2002 WL 1906029, at *1 (quoting *Rodriguez* ); *Evans v. Port Auth. of N.Y. and N.J.*, 192 F.Supp.2d 247, 251 (S.D.N.Y.2002) (same); *Fernandez*, 71 F.Supp.2d at 227-28 (same); *Rodriguez*, 1999 WL 459813, at *1 n. 3 (same); *Granoff v. Merrill Lynch & Co.*, 775 F.Supp. 621, 626 (S.D.N.Y.1991) (response consisting of questions insufficient; movant's statement deemed admitted), *aff'd*, 962 F.2d 2 (2d Cir. 1992) (table); *see Baker v. Dorfman*, 239 F.3d 415, 422 (2d Cir. 2000) (failure to respond to movant's statement results in facts there asserted being deemed admitted); *Gubitosi v. Kapica*, 154 F.3d 30, 31 n. 1 (2d Cir. 1998) (per curiam) (same); *Carlton v. Interfaith Med. Ctr.*, 612 F.Supp. 118, 123 n. 4 (E.D.N.Y.1985) (failure to respond specifically to portion of movant's statement containing statistical evidence resulted in it being deemed admitted). *But cf. Dixie Yarns, Inc. v. Forman*, 906 F.Supp. 929, 934 (S.D.N.Y.1995) (failure to respond adequately to movant's statement "sloppy lawyering," but insufficiently

statement, she has declined to provide citations to the record supporting her claim that certain of the movant's statements of allegedly undisputed facts actually are disputed. She instead has left the Court to "scour the record on its own in a search for evidence . . . that a certain fact is in dispute" and to seek "to cull from [her] separate statement the pieces of evidence which would support the contentions . . . asserted in [her] paragraph-by-paragraph response without citation."[12] In substance, the Court is asked "to peruse a haystack looking for needles."[13] To the extent she denies the ability to admit or deny those assertions, her response also is insufficient because alleged inability to admit or deny is no excuse, at least in the absence of a sufficient Rule 56(f) affidavit, and none has been submitted here.[14]

As defendant has not submitted a sufficient Rule 56.1 statement, the facts set forth in ACP's statement are deemed established. In any case, the Court has reviewed the record and finds that the facts set forth below are undisputed, which is not surprising in view of the fact that defendant has submitted in opposition to the motion only two brief

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abusive to deem all facts in movant's statement admitted); *United States v. Pilot Petroleum, Assoc., Inc.*, 122 F.R.D. 422, 422-23 (E.D.N.Y.1988) (same).

[12] *Rodriguez*, 1999 WL 459813, *1 n. 3.

[13] *Fernandez*, 71 F.Supp.2d at 227-28.

[14] A non-movant who cannot provide admissible evidence in opposition to a motion for summary judgment may submit an affidavit pursuant to fed. R. Civ. P. 56(f) which, if it is sufficient, *see, e.g., Concourse Rehab. & Nursing Ctr., Inc. v. Whalen*, 249 F.3d 136, 146 n. 3 (2d Cir. 2001); *Gurary v. Winehouse*, 190 F.3d 37, 43-44 (2d Cir. 1999); *Meloff v. New York Life Ins. Co.*, 51 F.3d 372, 375 (2d Cir. 1995); *Paddington Partners v. Bouchard*, 34 F.3d 1132, 1137-38 (2d Cir. 1994); *Hudson River Sloop Clearwater, Inc. v. Dep't of Navy*, 891 F.2d 414, 422 (2d Cir. 1989); *Burlington Coat Factory Warehouse Corp. v. Esprit De Corp.*, 769 F.2d 919, 926 (2d Cir. 1985), will result in deferral of the motion pending discovery or in its denial.

declarations by percipient witnesses and one by her attorney. Thus, the result here would be the same even if the Court disregarded entirely the defendant's failure to comply with Rule 56.1.

B. *The* Josie *Property and the Prior Litigation*

On March 8, 2000, DeCarlo sued ACP for a declaration that he owned the *Josie* property, including the related *Pepper* and *Melody* characters and, during the pendency of that action, sought in other ways to assert ownership of the *Josie* property.[15] On January 22, 2001, this Court ruled that DeCarlo's ownership claim arose under the Copyright Act, that it was barred by the statute of limitations, and that "DeCarlo is equitably estopped from claiming that ACP has violated his rights in the Josie property and characters, whether those claim are couched in terms of copyright, contract or some other legal theory."[16] The decision was affirmed on appeal.[17] It therefore is unnecessary to set out the facts upon which it was based, although they are set forth in detail in the Court's prior opinion.[18] Nevertheless, DeCarlo has come forward with some new evidence which, he implicitly claims, avoids the issue preclusive effect of the prior decision with respect to equitable estoppel and demonstrates the existence of at least one genuine issue of material fact as to ACP's equitable estoppel theory as it relates to all the properties involved in this case. As the

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[15] ACP includes within the *Josie* "property" the original *Josie* comic strips and books as well as the *Josie and the Pussycats* stories and all of the stories, plots, characters and artwork that appeared therein. It uses analogous terminology with respect to *Sabrina* and *Cheryl Blossom*. *See* Second Supplemental Complaint ("Cpt.") ¶ 1. The Court follows suit.

[16] *DeCarlo v. Archie Comic Publ'ns, Inc.*, 127 F.Supp.2d 497, 511 (S.D.N.Y.2001) (*"DeCarlo I"*).

[17] *Id.*, 11 Fed.Appx. 26 (2d Cir. 2001) (*"DeCarlo II"* ), *cert. denied*, 534 U.S. 1056, 122 S.Ct. 647, 151 L.Ed.2d 564 (2001).

[18] *DeCarlo I*, 127 F.Supp.2d at 499-502.

Court rejects this contention below, it is unnecessary to go into the facts concerning the *Josie* property.

C. *The* Sabrina *Characters*

The concept of a teenage witch character was conceived of by current ACP co-owner Richard Goldwater ("Goldwater"), the son of ACP founder John Goldwater, in or before 1962.[19] According to Goldwater, he contacted a freelance writer, George Gladir, and asked him to write a story about "an attractive teenage witch."[20] Gladir obliged and was paid for the story. According to DeCarlo, this story was laid out in storyboard format like a rough sketch of a comic book story. The dialogue was written in balloons above the heads of stick figures drawn to represent the characters.[21] The story written by Gladir contained instructions as to how the story should be illustrated. It contained the character Sabrina (the teenage witch), as well as her "familiar," Salem, and the witch head Della.[22]

The first *Sabrina*-related artwork that DeCarlo turned in to Goldwater was published as the "Sabrina the Teen-Age Witch" story contained within *Madhouse # 22*.[23] The copyright notice in *Madhouse # 22* read "Copyright 1962 by Archie Comic Publication, Inc."[24] *Sabrina* stories appeared in ACP's *Madhouse* comics from July 1962 until August 1969.[25] During these years, *Sabrina* stories were separate

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[19] DeCarlo Dep. 2 at 67-70; Pl. 56.1 St. ¶ 8-11.

[20] Pl. 56.1 St. ¶ 9.

[21] DeCarlo Dep. 2 at 73-82.

[22] Pl. 56.1 St. ¶ 10. A "familiar" is "in superstitious belief, a spirit, often in animal form, believed to act as a servant to a witch." Pl. Mem. at n.2 (quoting Webster's New World Dictionary (2d ed.1980)).

[23] Pl. 56.1 St. ¶ 17.

[24] DeCarlo Dep. 2 Ex. 2.

[25] Pl. 56.1 St. ¶ 23(a).

from the *Archie* stories, that is, the characters did not interact and were not depicted as knowing each other.[26] Some of the *Sabrina* stories that were published in *Madhouse* were illustrated by DeCarlo, but ACP assigned the illustration work for many of them to other artists.[27]

On September 30, 1969, ACP introduced a new comic book series, *Archie's TV Laugh-Out Starring Sabrina the Teen-Age Witch* ("*Laugh-Out* "), that featured various ACP characters that then were appearing on the animated television series being produced by ACP and Filmation Enterprises.[28] Unlike the *Madhouse* stories, the television show featured Sabrina living with her aunts Hilda and Zelda and attending Riverdale High School with the *Archie* characters.[29] In consequence, John Goldwater instructed the artists hired by ACP to draw the *Sabrina* stories for *Laugh-Out* that they should feature Sabrina living with her aunts and as a classmate of the *Archie* characters.[30] The first issue of *Laugh-Out* featured two *Sabrina* stories, neither of which was illustrated by DeCarlo.[31]

In 1971, ACP began another new series, this one entitled *Sabrina the Teen-Age Witch.*[32] ACP published *Sabrina* stories in issues one through seventy seven of this series.[33] The "character likenesses" used in this series were "the same as those used in *Laugh-Out* and the Filmation cartoons."[34]

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[26] *See id.* ¶ 23(b).

[27] *Id.* ¶ 23(a).

[28] *Id.* ¶ 23(c).

[29] *Id.*

[30] *Id.*

[31] *Id.* ¶ 23(d).

[32] *Id.* ¶ 23(e).

[33] *Id.*

[34] *Id.*

DeCarlo was not one of the artists who regularly was assigned stories for the series.[35]

ACP created several other lines of *Sabrina* stories and published them in various series of comic books.[36] DeCarlo admits that he never wrote any of the *Sabrina* stories, had no authority to add or drop characters from *Sabrina* stories, and had no editorial control over the content of the stories.[37] He further admits that many artists other than himself were assigned to illustrate *Sabrina* stories and that he never contested this practice.[38]

In August 1994, ACP sold Viacom Productions, Inc. ("Viacom") an option on the live action theatrical and television motion picture rights, live action television and mini-series rights, and allied and ancillary rights in the "*Sabrina* series of characters as they currently appear in the comics published by [ACP], including, without limitation, the characters 'Sabrina,' 'Aunt Hilda,' and 'Aunt Zelda,' together with all content, titles, plots, story-lines, themes, concepts, 'look' and all other visual and print materials contained therein (collectively, 'the Work')."[39] ACP represented and warranted that it was the sole owner of the Work and that it was the sole and exclusive owner of all of the granted rights.

DeCarlo was not consulted in ACP's decision to enter into the agreement with Viacom, but he admits that he knew about the movie and made no attempts to find out what the movie said regarding ownership of the *Sabrina* properties

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[35] Pl. 56.1 St. ¶ 23(e); *see* Def. 56.1 St. at 4, ¶ A.

[36] *See* Pl. 56.1 St. ¶ 23(a)-(m).

[37] This is specifically admitted by DeCarlo. Def. 56.1 St. at 4, ¶ A; Pl. 56.1 St. ¶ 25.

[38] Pl. 56.1 St. ¶ 26; Def. 56.1 St. at 4,¶ A.

[39] Pl. 56.1 St.¶ 59.

because he was not "interested in it."[40] He explained that "[ACP] did other things before on this same thing and never told me about it, so this is not an exception."[41] He learned about the *Sabrina* live action television series before it was broadcast when, in July 1996, he prepared artwork for the cover of a new *Sabrina the Teenage Witch* comic book that incorporated a picture of the actress who was to play Sabrina on the series.[42] He admits also to watching the premiere of the series.[43] DeCarlo took no steps to assert his ownership rights after learning of the television show.[44] He further admits that he never asked ACP for a royalty on sales of *Sabrina* comic books or merchandise.[45]

As of his deposition on December 8, 2000, DeCarlo had never registered or renewed the copyrights in any works that included any of the *Sabrina* characters.[46]

D. *The* Cheryl Blossom *Property*

Within the *Archie* universe, an eternal triangle involving Archie, Betty and Veronica has played itself out since the 1940s.[47] In 1982, Cheryl Blossom, "Riverdale's Newest

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[40] DeCarlo Dep. 2 at 273-77.

[41] *Id.* at 275.

[42] *Id.* at 278-79.

[43] *Id.* at 279-80.

[44] *Id.* at 281.

[45] Pl. 56.1 St. ¶ 113; Def. 56.1 St. at 4, ¶ A.

[46] Pl. 56.1 St. ¶ 111; Def. 56.1 St. at 4, ¶ A. DeCarlo has since filed a number of copyright applications. ACP contends that they fail to satisfy the requirements of Section 408 of the Copyright Act because the materials submitted by DeCarlo are not originals, virtually identical to the originals, or a reconstruction of the originals. *See* Def. Let. 2 (May 1, 2002). In light of the holdings *infra,* it is unnecessary for the Court to resolve this issue.

[47] Pl. 56.1 St. ¶ 174.

Bombshell" was added to the mix.[48] Cheryl and her brother Jason were introduced in an *Archie* story titled "Dare to be Bare" that was published in *Betty and Veronica* # 320.[49] Over the next two years, Cheryl, Jason, their parents and Cheryl's classmates at Pembroke Academy were written into stories that were published in various issues of several of ACP's comic book series.[50] Cheryl and her friends were portrayed as private school snobs who looked down on the *Archie* characters who attended public high school. These characters then disappeared for ten years. They were resurrected in 1994 in a "cross-over" series entitled *The Love Showdown.* This story found Archie receiving a "mysterious love letter," a letter that prompted Betty and Veronica into a "frenzied battle over him."[51]

DeCarlo admitted in his deposition that Goldwater approached him with the idea of creating Cheryl and her family. Goldwater explained to DeCarlo that he wanted to create a "real sex symbol," a rich and snobby character, and he asked DeCarlo to draw her and her family.[52] DeCarlo drew a model sheet depicting a family as Goldwater had requested, chose the name Cheryl Blossom, and created Jason, Cheryl's twin brother, a girlfriend of Cheryl's and her parents.[53] There is some evidence that DeCarlo did the drawings for one or two stories written by another for the *Cheryl Blossom*

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[48] *Id.*

[49] *Id. Betty and Veronica* is a long-running series that ACP had published since 1950. The copyright notice on *Betty and Veronica* # 320 read "Copyright 1982 by Close-Up, Inc." Close-Up, Inc. was a subsidiary of ACP which subsequently has been merged into ACP. Pl. 56.1 St. ¶ 175.

[50] *Id.* at ¶ 178, 180.

[51] *Id.* at ¶ 180.

[52] DeCarlo Dep. 2 at 342.

[53] Pl. 56.1 St. ¶ 181; Def. 56.1 St. at 4, ¶ A.

family.[54] With limited exceptions, ACP has made little use of this property.[55]

There is some debate as to who drew the first *Cheryl Blossom* stories. ACP's records indicate that DeCarlo's son, Daniel S. DeCarlo, Jr., was paid for illustrating the stories, although DeCarlo testified at his deposition that he thought the work looked like his own. DeCarlo, Jr., as well as all the other first hand witnesses to the matter, have passed away, making it unlikely that evidence will surface that can shed light on the matter. In the end, though, this is immaterial to the ownership of the copyright in *Cheryl Blossom*.

E. *The Form of Voucher Agreement and Check Endorsements*

During this litigation, DeCarlo produced a handwritten document which, he claimed, was a copy of an endorsement from the back of an ACP check made out to him in late 1970:[56]

> "This check is accepted as payment in full for all the undersigned's right, title and interest in and to the strip, copy, art, continuity, characters, story or manuscript entitled or used in (as listed below) and the undersigned affirms that the maker of this check and/or its assigns are given the full rights to use said property for publication, movies, talkies, radio, television, broadcasting, advertising, or for any other use. Permission is hereby granted to make editorial changes. Endorser is the autor [*sic*] or accredited agent in this sale and guarentees [*sic*] that the work is free from libel or infringement."

In addition, ACP produced (a) a form of voucher agreement used in its art department whereby the artist assigned all of

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[54] *Id.* ¶¶ 181-82.

[55] *Id.* ¶ 184.

[56] Herrmann Reply Decl. Ex. C.

the artist's right, title and interest in a relevant comic strip to ACP in consideration of compensation,[57] and (b) copies of the fronts and backs of four cancelled checks, one of which was dated December 17, 1985 and payable to DeCarlo.[58] The form of voucher agreement provides in relevant part:

> "KNOW ALL MEN, that I, _____ residing at _____ in consideration of the sum of $1.00 (One Dollar) paid by _____ . . ., herein called "the Assignee", hereby sell, assign, and transfer to the assignee all my right, title and interest in and to the name, title, trade mark and comic strip, including the character or characters portrayed therein, entitled _____ together with the world copyrights therein, and in all renewals and extensions of said copyright, which may be secured under the laws, now or hereafter, in force and effect in the United States, or in any other country or countries."

The endorsement on the recently produced checks, which was stamped on the reverse of the checks and then signed by the payee, provided in relevant part:

> "This check is accepted in full payment for all the undersigned's right, title and interest in and to the strip, copy, art, continuity, characters, story or manuscript entitled _____ and the undersigned agrees that the maker of this check and or its successors assigns are granted the full ownership rights to said work for publication, transcription by dramatization, movies,

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[57] Seymour Decl. Ex. A. The particular example produced was dated February 6, 1981 and was an assignment by DeCarlo to ACP of his right, title and interest in and to a comic strip entitled *B & V*, which is not at issue here.

[58] Seymour Decl. Ex. B. Each of these productions should have been made earlier. There is no reason, however, to question the good faith of either side concerning their respective document productions. *See, e.g.*, Herrmann Reply Decl. ¶ ¶ 2-5.

radio, television, broadcasting, advertising, or for any other uses including copyright. Permission is hereby granted to make editorial changes. Payer/Endorser is the author or accredited agent in this outright transactions and guarantees that the work is free from libel or copyright or other infringement."

Declarations submitted on DeCarlo's behalf state that freelance artists working for ACP were required to sign documents similar to or substantially the same as the form agreement and endorsements referred to above at least as early as 1954.[59] In addition, DeCarlo testified at his deposition that the handwritten copy he produced was "the contract on the back of the old checks" and that it was used in 1970, but he was unable to say precisely what wording was used at various other points in his lengthy relationship with ACP.[60] It is undisputed, however, that the forms were revised at least once during the period April 1966 and 1982.[61]

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[59] Bolling Decl. ¶ ¶ 3-5; Edwards Decl. ¶ ¶ 4-5.

[60] DeCarlo Dep. 2, at 234-36, 332-34.

[61] Gorelick Reply Decl. ¶ 4.

F. *The Parties' Agreements*

1. The 1988 Agreement

On October 25, 1988, DeCarlo and ACP entered into a so-called Newsstand Comic Independent Contractor's Agreement (the "1988 Agreement").[62] The contract began with a series of recitals, including that

- ACP "is the publisher of comic strips and comic books . . . of which [ACP] is the sole and exclusive owner,"
- ACP "seeks to supplement its own existing comic strips and comic books (hereinafter the 'Existing Archie Works') by the purchase of the entire right, title and interest in existing third party comic strips and pages for its comic books (hereinafter the 'Existing Third Party Works'),"
- ACP "desires to retain third parties to modify or otherwise work with the Existing Archie Works and/or the Existing Third Party Works . . . on a work made for hire basis, to create modified comic strips and pages for its comic books (hereinafter the 'Modified Works'),"" and
- "[T]he Contractor [i.e., DeCarlo] desires to confirm the assignment to [ACP] of the Contractor's entire right, title and interest in and to whatever comic strips and pages for comic books the Contractor may have heretofore provided [ACP] in furtherance

[62] Pl. 56.1 St. ¶ ¶ 190-201 and exhibit there cited. A copy of this agreement appears also as Exhibit B to the complaint, which is attached to the notice of removal, in *DeCarlo*. 00 Civ. 2344 (LAK).

of this project and further desires to work with [ACP] in the future under the terms and conditions hereinafter expressed."[63]

It then set forth covenants in relevant part as follows:

"1. (a) The Contractor hereby assigns and conveys to [ACP] all of its rights, title and interest in the Existing Third Party Works heretofore submitted to [ACP].

"(b) The Contractor further agrees to work with [ACP] on a work made for hire basis to:

"(i) create and develop for [ACP's] exclusive use Additional Works, and

"(ii) perform modifications of Existing Archie Works, Existing Third Party Works (including Existing Third Party Works of others) and Additional Works . . ."[64]

* * *

"2. (a) The Contractor hereby assigns to [ACP] all right, title and interest in and to all Works submitted under this Agreement as well as to any patent rights, copyrights, trademark rights and/or applications therefore which relate thereto. The Contractor agrees to execute all documents which are reasonably required to perfect such assignment. It is agreed and understood that such Works shall constitute Works Made for Hire and shall be the sole and exclusive property of [ACP]. To the extent any work of Contractor shall not be deemed under law to constitute subject matter which may be treated as work made on a Work Made for

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[63] 1998 Agreement, preamble.

[64] *Id.* ¶ 1.

Hire basis, then Contractor hereby assigns and conveys to [ACP] all of its rights, title and interest in any such work.

"(b) The Contractor hereby expressly waives all claim of right which it may have to any ownership interest in such Works and/or the ARCHIE property."

2. The 1996 Agreement

The 1996 Agreement is entitled a Work for Hire Agreement between DeCarlo and ACP.[65] It began with a series of introductory recitals:

- ACP "is in the business of producing and/or publishing comic strips and comic books that include characters, artwork, stories, plots, trademarks, logos, and other creative expressions ('Properties'). All references to 'Properties' in this Agreement will include existing and future-created Properties that are commissioned by [ACP] and/or used in any of [ACP's] publications or licensed products."
- "All past, pending and future uses of all Properties, including uses by [ACP's] licensees, will be collectively referred to in this Agreement as the 'Works.'"

The 1996 Agreement then set forth provisions defining the relationship of the parties, their understanding regarding compensation, and so on. The key provisions included the following:

"5. Contractor's full and complete compensation for each assignment . . . will be a fixed sum based on a rate to be mutually agreed upon. . . . Contractor will not

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[65] Pl. 56.1 St. ¶ ¶ 190, 202-11 and exhibit there cited. A copy of this agreement appears also as Exhibit C to the complaint, which is attached to the notice of removal, in *DeCarlo*. 00 Civ. 2344 (LAK).

be entitled to royalties, to income derived from licensing or merchandising, or to additional compensation for the creation of new Properties. . . ."

"19. To the extent that any past, pending or future contributions by Contractor to the Works or Properties do not qualify as a Work for Hire, Contractor will and hereby does assign to [ACP] any right, title and interest that he/she has or may obtain therein, including all copyrights, patents, trademarks and other proprietary rights. Contractor will sign, upon request, any documents needed to confirm that any specific Works or Properties are Works for Hire, to effectuate the assignment of his/her rights in any Works or Properties to [ACP] and/or to obtain copyright, trademark and/or patent protection for any of the Works or Properties."

G. *Plaintiff's Claims*

ACP here seeks (1) declarations against DeCarlo's executrix that (a) the estate is barred on various theories from challenging ACP's exclusive rights, title and interest in and to the *Sabrina, Josie* and *Cheryl Blossom* properties, (b) DeCarlo's contributions to the *Sabrina* property were works for hire owned *ab initio* by ACP, and (c) Notices of Termination of Copyright and Related Licenses and Rights served by DeCarlo on ACP and its licensees, which purported to terminate transfers of copyright in the *Sabrina* and *Josie* properties, are ineffective, and (2) an injunction barring DeCarlo's successors in interest from (a) commencing or prosecuting any action challenging ACP's exclusive ownership of all rights, title and interest in and to the *Sabrina, Josie* and *Cheryl Blossom* properties, or (b) purporting to exercise rights of termination pursuant to Section 203 of the Copyright Act.[66]

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[66] 17 U.S.C. § 203.

H. *Prior Proceedings in this Action*

DeCarlo initially interposed counterclaims relating to his ownership of the *Sabrina* property on a number of theories. In passing on ACP's motion to dismiss the counterclaims, the Court held that DeCarlo failed to state a claim either for breach of fiduciary duty or under the Lanham Act.[67] Defendant, in turn, moved unsuccessfully to dismiss four of plaintiff's claims. In denying the motion, the Court held that plaintiff was entitled to the declaration it sought with respect to the validity of the termination notices.[68] It further held that defendant's position that he was "free to sue plaintiff and others based on claims for infringement arising within the three year period immediately preceding the filing of any complaint" "ma[de] little sense and [was] against the great weight of authority."[69]

## II. Discussion

In resisting a motion for summary judgment, it is not enough for the nonmoving party to allege the existence of a genuine issue of material fact. When, as here, the moving party has proffered affidavits and other admissible evidence to demonstrate the absence of any factual issues, the non-moving party must come forward with probative evidence that points to the existence of a factual dispute that precludes summary judgment.[70] Moreover, not any factual dispute will

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[67] *Archie Comic Publ'ns, Inc., v. DeCarlo,* 141 F.Supp.2d 428, 432-35 (S.D.N.Y.2001) ("*Archie I* ").

[68] *Archie Comic Publ'ns, Inc. v. DeCarlo,* No. 00 Civ. 5686 (LAK), 2001 WL 1543526, at *3 (S.D.N.Y. Dec.3, 2001) ("*Archie II* ") ("[A]ny right that defendant may have to terminate rights transferred pursuant to the 1988 and 1996 Agreements must be exercised during the five year period beginning at the end of thirty-five years from the date on which the relevant grants were executed.").

[69] *Id.* at *4.

[70] *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 586-87, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986).

defeat a motion for summary judgment.[71] The dispute must be genuine, that is to say the evidence must be "such that a reasonable jury could return a verdict for the nonmoving party."[72] And it must relate to a material fact, that is a fact that will affect the substantive outcome of the case.[73]

A. *Ownership of the Properties*

1. Josie

The Court already has decided that, as between ACP and DeCarlo, DeCarlo is equitably estopped to assert any claim to ownership of copyright in the *Josie* property.[74] As defendant now asserts, a *sine qua non* of that conclusion was a determination "that ACP was 'ignorant of the facts alleged by DeCarlo, *i.e.*, that he claim[ed] ownership in the characters' and object[ed] to ACP's exploitation fo [*sic*] them."[75]

DeCarlo now argues that the recently produced documents — the form of agreement and the check endorsements referred to above — "plainly refutes this finding and bars any finding of equitable estoppel in this (or the prior) case."[76] Even assuming, for the sake of argument, that the evidence, if offered in *DeCarlo I*, would have raised a genuine issue of material fact sufficient to defeat ACP's motion for summary judgment on equitable estoppel grounds, which is doubtful for reasons suggested below, defendant nevertheless over-

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[71] *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986) ("The mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no genuine issue of material fact.").

[72] *Id.* at 248, 106 S.Ct. 2505.

[73] *Id.*

[74] *DeCarlo I*, 127 F.Supp.2d at 508-11.

[75] Def. Mem. 16 (quoting *DeCarlo I*, 127 F.Supp.2d at 511).

[76] Def. Mem. 16.

looks the fact that the judgment in *DeCarlo I* has preclusive effects here.

To begin with, DeCarlo's claim in *DeCarlo I* was that he owned the *Josie* property. "Under established principles, a final judgment on the merits 'prevents litigation of all grounds for, or defenses to, recovery that were previously available to the parties, regardless of whether they were asserted or determined in the prior proceeding.' "[77] In consequence, the judgment in *DeCarlo I* bars any subsequent claim by which defendant might seek ownership of the *Josie* property, regardless of whether the particular grounds were asserted in the prior action. The estate's contention that ACP is not entitled to "a declaration that DeCarlo may not challenge ACP's exclusive ownership of the *Josie* property" is just such a claim. Its position in this case therefore is foreclosed by the judgment in *DeCarlo I.*

The same result would be reached by issue preclusion.

> "Litigants who have had a full and fair opportunity to litigate ordinarily will not be heard to relitigate an issue actually, finally and necessarily decided against them in a prior action. In order for this doctrine of issue preclusion to apply, four requirements must be satisfied:
>
> > "(1) the issues in both proceedings must be identical (2) the issue in the prior proceeding must have been actually litigated and actually decided, (3) there must have been a full and fair opportunity for litigation

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[77] *ICD Holdings S.A. v. Frankel,* 976 F.Supp. 234, 242 (S.D.N.Y.1997) (quoting *Brown v. Felsen,* 442 U.S. 127, 131, 99 S.Ct. 2205, 60 L.Ed.2d 767 (1979)).

> in the prior proceeding, and (4) the issue previously litigated must have been necessary to support a final judgment on the merits.' "[78]

Each of these criteria is satisfied here.

As noted, *DeCarlo I* was decided on the ground that DeCarlo was equitably estopped to challenge ACP's ownership. ACP makes precisely that claim here. The question whether ACP was ignorant of DeCarlo's claim of ownership in the *Josie* property was essential to the decision in *DeCarlo I*, actually litigated and necessarily decided. DeCarlo had a full and fair opportunity to litigate it. The estate therefore is collaterally estopped by the finding in *DeCarlo I* from contesting ACP's ignorance of DeCarlo's claim of ownership in the *Josie* property.

The recent production of the form of agreement and the check endorsements does not alter this conclusion. *Res judicata* and collateral estoppel apply even in the face of a claim that the prior judgment was erroneous as long as that judgment stands.[79] In any case, DeCarlo had his copy of

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[78] *Id.* at 239 (quoting *Gelb v. Royal Globe Ins. Co.*, 798 F.2d 38, 44 (2d Cir. 1986), *cert. denied*, 480 U.S. 948, 107 S.Ct. 1608, 94 L.Ed.2d 794 (1987)).

[79] *E.g., Friarton Estates Corp. v. City of New York*, 681 F.2d 150, 158 (2d Cir. 1982) (Friendly, J.) ("Res judicata protects wrong decisions as fully as right ones."); *Ellentuck v. Klein*, 570 F.2d 414, 425 (2d Cir. 1978); *Mitchell v. Nat'l Broad. Co.*, 553 F.2d 265, 272 (2d Cir. 1977) (applicability of doctrine "does not depend on whether the prior judgment was free from error"); 18 CHARLES ALAN WRIGHT, ARTHUR R. MILLER & EDWARD H. COOPER, FEDERAL PRACTICE AND PROCEDURE: JURISDICTION AND RELATED MATTERS 2D § 4403, at 30-33 (2002) ("res judicata is not defeated by error in the initial judgment"; "ordinarily applies despite the availability of new evidence . . ."). While the RESTATEMENT OF JUDGMENTS 2D suggests that an exception might be made where the prior judgment is the product of the defendant's fraud, *see* restatement Of Judgments 2D § 26, *com. j* (1982), such exceptions seldom have been made in practice,

the check endorsement used in 1970 and access to Messrs. Bolling and Edwards and the documents they possessed at the time *DeCarlo I* was litigated. He has offered no explanation for his failure in that case to raise the contention he now makes. In all the circumstances, defendant is precluded by *DeCarlo I* from asserting any claim of ownership in the *Josie* property.

2. Sabrina

ACP asserts ownership of the *Sabrina* property on a number of grounds. The Court begins with the contention that DeCarlo's contributions to each were works for hire in consequence of which ACP owns the copyrights.

(a) Sabrina *Works Prior to January 1, 1978*

Works created before January 1, 1978, the effective date of the Copyright Act of 1976 (the "1976 Act"), are governed by the Copyright Act of 1909 (the "1909 Act"). Under that statute, a work by an independent contractor such as DeCarlo, in the absence of an agreement to the contrary, was a work for hire if it was created at the "instance and expense" of the hiring party.[80] The instance and expense test is satisfied if the putative employer was the motivating factor that induced the creation of the work.[81] An essential element of this relationship was the right of the hiring party to control and supervise the manner in which the work was created.[82]

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18 WRIGHT § 4415, at 359-62. In any case, as noted above, there has been no showing in this case of fraud in *DeCarlo I*.

[80] *Playboy Enters., Inc. v. Dumas*, 53 F.3d at 549, 554 (2d Cir. 1995).

[81] *Siegel v. Nat'l Periodical Publ'ns, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974).

[82] *Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1216 (2d Cir. 1972).

The expense requirement was met if "a hiring party simply [paid] an independent contractor a sum certain for his or her work."[83]

The first *Sabrina* story, as well as the model sheet, assuming there was one, was prepared in or perhaps before 1962. ACP quite clearly induced the creation of the *Sabrina* works.[84] It retained editorial and stylistic control over anything submitted by DeCarlo. DeCarlo was paid for his contributions to the *Sabrina* properties.[85] Those contributions therefore presumptively were works for hire, and ACP is entitled to judgment unless DeCarlo has adduced admissible evidence which, construed in his favor, could justify a finding that the parties agreed that DeCarlo would own the copyright notwithstanding DeCarlo's admission that he understood "[ACP] thought that they were owners, that they owned the copyright,"[86] an admission very much in tension with any contention that ACP agreed that DeCarlo owned the copyright. This he has failed to do.

***First,*** the lynchpin of DeCarlo's contention that there indeed was an agreement or agreements to the contrary is the form of voucher agreement and the check endorsements to which reference already has been made. But he has produced no such agreement with respect to any *Sabrina* contributions. Rather, he has adduced evidence that there were, or perhaps were, voucher agreements and check endorsements relating to his *Sabrina* contributions — all of which have been lost —

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[83] *Playboy,* 53 F.3d at 555.

[84] *See, e.g.,* DeCarlo Dep. 2 at 14 (explaining that DeCarlo first became involved with the *Sabrina* project when Goldwater approached him with Gladir's script); *id.* at 19 ("[Richard Goldwater] had to look at what I drew and pass judgment on it.").

[85] *See, e.g., id.* at 30-31. The fact that he was paid for each assignment satisfies the expense prong of the work for hire test. *Playboy,* 53 F.3d at 555.

[86] DeCarlo Dep. 2 at 128.

and that their terms were "similar" or "identical" to the forms that he has proffered, at least so far as a couple of witnesses remember decades later.

The best evidence rule ordinarily requires that the terms of a written instrument be proved by the instrument itself.[87] Where, as here, the original instrument has been lost, its contents may be proved by other evidence.[88] And that is what DeCarlo has sought to do. The question is whether the evidence is sufficient to raise a genuine issue of material fact.

The standard governing this question is reasonably clear. As Judge Pollack has written, "[r]elief for an alleged breach of a written contract cannot be granted where the alleged contract has not been produced, plaintiff's testimony regarding the alleged contract is inconclusive, [and] essential terms of the alleged contract are in doubt. . . ."[89] Indeed, the cases cited in the margin, the strength of the presumption of a work for hire relationship absent proof of a contrary agreement, and the Nimmers support the view that plaintiff is obliged to produce evidence sufficient to justify a finding of a contrary agreement by clear and convincing evidence.[90]

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[87] Fed. R. Evid. 1002.

[88] *Id.* 1004(1).

[89] *Sims v. Blanchris, Inc.*, 648 F.Supp. 480, 485 (S.D.N.Y.1986).

[90] *Crawford v. 733 San Mateo Co.*, 854 F.2d 1220, 1221 (10th Cir. 1988) (proof of terms must be "clear, cogent and convincing") (New Mexico law); *Rash v. Peoples Dep. Bank & Trust Co.*, 192 F.2d 470, 471 (6th Cir. 1951) (terms of lost agreement may not be proved "where assumed recollection of specific facts after the lapse of years taxes the credulity of the court") (Kentucky law); *Chicago, Wilmington & Franklin Coal Co. v. Menhall*, 131 F.2d 117, 120 (7th Cir. 1942) (description contained in lost deed must be prove by clear and convincing evidence) (Illinois law); *Gill v. Colton*, 12 F.2d 531, 534 (4th Cir. 1926) (content of lost instrument must be proved "by evidence of the clearest and most satisfactory character") (West Virginia law); *Metlife Capital Corp. v. Westchester Fire Ins. Co.*, 224 F.Supp.2d 374, 384 (D.P.R.2002) ("surmise, conjecture, or speculation" as to contents insufficient to prove content of lost insurance

There is considerable uncertainty as to the language of the forms of voucher agreement and check endorsements that were used in the 1960's when *Sabrina* was created and at any other time prior to the effective date of the 1976 Act. The evidence concerning the voucher agreement was that *a* form of voucher agreement has been used in the art department to pay for work produced for ACP, but there is no proof as to when that practice started.[91] One ACP witness testified that the form used in 2000 is "similar" to the 1981 version produced during discovery.[92] Two freelance artists aver that they were required by ACP for many years to sign voucher

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policy) (Puerto Rico law); *La Capria v. Bonazza,* 153 A.D.2d 551, 552-53, 544 N.Y.S.2d 848, 849 (2d Dept. 1989) (content of lost deed must be proved by "clear and certain evidence"); *Barranco v. Kostens,* 189 Md. 94, 98, 54 A.2d 326, 328 (1947) (proof of contents of lost instrument "must be clear and positive and of such a character as to leave no reasonable doubt as to its terms and conditions"); 4 CAROLINE N. BROWN, CORBIN ON CONTRACTS § 12.10, at 828 (rev. ed.1997); 75A N.Y. JUR.2D, *Lost and Destroyed Instruments and Records* § 38 (2000).

The Nimmers argue that clear and convincing evidence perhaps should be necessary to establish the existence and terms of a lost assignment in order to ameliorate the risk that the Copyright Acts' requirement of written assignments would be undermined if "unsubstantiated claims that [parties] had obtained (but subsequently 'lost') the requisite instrument were widely credited." 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 10.03[A][5], at 10-46 to 10-47 (2002). Precisely the same rationale supports a requirement of clear and convincing evidence to overcome the presumption of a work for hire relationship upon proof that the work was made at the instance and expense of the putative employer.

[91] Goldwater Dep. 2, at 60-62.

[92] *See id.*

forms containing language similar or identical to that on the 1981 version, although neither was able to quote or produce the language.[93]

The situation with respect to the check endorsements is similar. We have DeCarlo's handwritten copy of an endorsement he says he signed in 1970, but he was not able to say precisely what wording was used at various other points during his relationship with ACP.[94] The only surviving check endorsed by DeCarlo (it bears the form of endorsement quoted above) is dated January 3, 1986,[95] long after the effective date of the 1976 Act. The declarations of the two other artists that defendant has submitted are equally unilluminating. Mr. Bolling has produced a form of endorsement used in 1980 that is identical to that on DeCarlo's 1986 check,[96] which suggests that this particular form was in use at least during the period 1980 through early 1986. And Mr. Edwards avers that he signed hundreds of check endorsements over nearly four decades which were "similar" to that form, whatever that means.[97]

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[93] Bolling Decl. ¶ 5; Edwards Decl. ¶ 4.

[94] DeCarlo Dep. 2, at 234-36, 332-34.

[95] The endorsement refers to "B & V," "jug w/archie," "double dig.," and "laugh dig. # 64--rpeirnt [*sic*]." The first two references apparently are to *Betty and Veronica* and *Jughead With Archie,* works not here at issue. The reference to "double dig." is obscure, but bears no similarity to anything related to *Sabrina.* The reference to "laugh dig." also is obscure. Nevertheless, ACP did publish a comic book entitled *Laugh-Out Starring Sabrina the Teen-Age Witch,* a comic book published from late 1969 until late 1985. Pl. 56.1 St. ¶ ¶ 23(c)-(d). Although it is undisputed that DeCarlo did very little for the *Laugh-Out Series, id.* ¶ 23(d), he is entitled to, for purposes of this motion, an inference that the check included payment for some contribution by him to issue number 64 in the *Laugh-Out* series.

[96] Bolling Decl. ¶ 3 & Ex.

[97] Edwards Decl. ¶ 5.

In the last analysis, it is DeCarlo's burden to produce evidence which, if credited, would permit a trier of fact reasonably to conclude, by clear and convincing evidence, that DeCarlo and ACP agreed that DeCarlo would own the copyright to his pre-1978 contributions to the *Sabrina* property notwithstanding the "almost irrebutable"[98] presumption that these were works for hire. While there is evidence as to a form of endorsement used in the period from 1980 until 1986 and as to a form of voucher agreement used in 1981, the Copyright Act provisions dealing with works for hire changed with the enactment of the 1976 Act. The evidence demonstrates also that the form of endorsement used in at least part of the 1980's differed from that which DeCarlo copied down in 1970, thus confirming that the language changed at least once in the 1970-1980 period.[99] Beyond that, we have nothing as to the wording that was used either in the endorsements or in the voucher agreement at any time prior to the effective date of the 1976 Act beyond conclusory assertions, decades after the fact, that it was similar or identical to that used later on.

In these circumstances, any determination by a trier of fact as to what the text was during the relevant period, even with the benefit of the vague testimony of Messrs. Edwards and Bolling, would be speculation. Hence, even assuming that knowledge of the language would answer the work for hire question, DeCarlo has failed to sustain his burden of adducing admissible evidence which, if credited, would permit a rational finding, by clear and convincing evidence, as to the substance of that language. Indeed, the Court would reach precisely the same result under a preponderance of the evidence standard, as this Circuit does "not permit an issue to go to trial on the basis of mere speculation in favor of the

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[98] *Easter Seal Soc'y for Crippled Children and Adults of Louisiana v. Playboy Enters.*, 815 F.2d 323, 327 (5th Cir. 1987).

[99] *See also* Goldwater Reply Decl. ¶ 3.

party that bears the burden of proof."[100] "[A]n inference is not a suspicion or a guess. It is a reasoned, logical decision to conclude that a disputed fact exists on the basis of another fact (that is known to exist)."[101] The evidence before the Court does not permit a reasoned, logical decision as to the terms of any voucher agreements and check endorsements during the relevant period.

***Second***, even if one were to assume that the check legends and voucher agreement forms used from 1960 through the end of 1977 were the same as the endorsement DeCarlo copied down in 1970, the assumption would not permit an inference (under either a clear and convincing or a preponderance standard) that ACP and DeCarlo agreed that DeCarlo would retain copyright in his contributions to the *Sabrina* property. The 1970 endorsement confirms that ACP's "check is accepted as full payment for all the undersigned's right, title and interest in and to the strip, copy, art, continuity, characters, story or manuscript entitled or used in" the story identified on the check. It "affirms that the maker of this check and/or its assigns are given the full rights to use said property for publication, movies, talkies, radio, television, broadcasting, advertising, or for any other use" and have the right to make editorial changes. And it represents that the "endorser is autor [*sic*] or accredited agent in this sale and guarentees [*sic*] that the work is free from libel or infringement." Thus, the endorsement, far from suggesting that DeCarlo retained copyright in the contribution for which the endorsed check was issued, supports the view that ACP was the sole owner of all rights.

The Second Circuit's decision in *Playboy Enterprises*[102] confirms this conclusion. *Playboy* paid for certain of the

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[100] *Gant v. Wallingford Bd. of Educ.*, 195 F.3d 134, 144 (2d Cir. 1999).

[101] *Bickerstaff v. Vassar College*, 196 F.3d 435, 448 (2d Cir. 1999).

[102] 53 F.3d 549.

works there at issued with checks that were stamped with what the Circuit referred to as Legend A, which provided in relevant part that the payee, "[b]y endorsement of this check, . . . acknowledges payment in full for the assignment to Playboy Enterprises, Inc. of all right, title and interest in and to" enumerated works.[103] The trial court found that this endorsement evidenced an agreement that the artist would retain copyright, reasoning that the endorsement would have stated that the relationship was an employment for hire if that in fact had been the intention.[104] The Court of Appeals, however, concluded that this finding was clearly erroneous and ruled that the relationship was an employment for hire:

> "[W]e find it impossible to discern the intent of the parties from the language of Legend A. The legend acknowledges an assignment of rights, but it does not specifically mention copyright — let alone common law copyright. It could intend the transfer of a one-time use right, . . . or of common law copyright, as Playboy argues, or of all rights — including both copyright and possessory rights. As Legend A is not clear, and as Playboy's explanation for the agreement is at least plausible, we are not convinced that the legend either proves or disproves that the parties intended something other than a work-for-hire relationship.
>
> "Given the controverted evidence of a contrary agreement between Playboy and Nagel, we conclude that it was clearly erroneous for the district court to find that Dumas met her burden of proving that the parties intended a relationship other than work for hire. *Hence, by presumption, Playboy is the 'author' of the works*

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[103] *Id.* at 552.

[104] *Id.* at 556.

*created before January 1, 1978 that were made for hire.*"[105]

This analysis governs here. The language of the 1970 endorsement copied down by DeCarlo does not even expressly acknowledge an assignment. The acceptance of the payment "for all of the undersigned's right, title and interest" in the enumerated works might have reflected a transfer of a limited right, whether one-time use or something else. But it is equally plausible that it was in the nature of a quitclaim — a transfer of DeCarlo's interest, *if any,* in the works — or perhaps of common law copyright or possessory rights. It simply is not clear. And the result in such a situation, *Playboy* teaches, is that the presumption of a work for hire relationship prevails.

***Third,*** the 1988 Agreement assigned to ACP all of DeCarlo's "rights, title and interest in the Existing Third Party Works heretofore submitted to Archie"[106] and conveyed to ACP any rights that DeCarlo had in any of the comic strips and pages that he previously had "submitted to Archie," which included all of his *Sabrina* artwork.[107]

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[105] *Id.* at 557 (emphasis added).

[106] "Existing Third Party Works" was defined as "existing third party comic strips and pages for its [ACP's] comic books." Accordingly, any rights that DeCarlo may have retained in any of his contributions to the *Sabrina* comic books and materials were rights in Existing Third Party Works that were assigned by the 1988 Agreement.

[107] The same result would obtain under the 1996 Agreement, by which DeCarlo assigned to ACP any of his "past, pending or future contributions . . . to the Works or Properties" that do not qualify as works for hire, "including all copyrights." "Properties" is defined to include all characters that appear in any of ACP's comic books, comic strips or licensed products. A character becomes a "Property" if it is "commissioned by Archie and/or used in any of Archie's publications or licensed products." Thus, once a character is used by ACP and thereby becomes a "Property," all "past, pending and future uses" of that character become "Works" subject to the Agreement.

(b) Sabrina *Works After January 1, 1978*

As an initial matter, DeCarlo's assignment in the 1988 and 1996 Agreements to ACP of any rights he may have had to any *Sabrina* works is dispositive of ACP's claim of ownership with respect to these works. As discussed above, the 1988 Agreement assigned to ACP all of DeCarlo's "rights, title and interest in the Existing Third Party Works heretofore submitted to Archie" and conveyed to ACP any rights that DeCarlo had in any of the comic strips and pages that he previously had "submitted to Archie," which included all of his *Sabrina* artwork. Under the 1996 Agreement, DeCarlo assigned to ACP any of his "past, pending or future contributions . . . to the Works or Properties," which included all characters that appear in any of ACP's comic books, comic strips or licensed products.[108] But this is not the only

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[108] The Court notes that DeCarlo argued in *DeCarlo I* that the 1996 Agreement did not assign his alleged copyrights in the *Josie* property on the theory that the "Properties" referred to in paragraph 19 of the 1996 Agreement were solely comic books and comic strips and, in consequence, that his "contributions" were only the end-product drawings that ACP commissioned him to produce for publication. From this premise, he contended that the original sketches and characters were not "contributions" to the "Properties" and therefore were not assigned to ACP. *DeCarlo I*, 127 F.Supp.2d at 508 n. 61. The Court found it unnecessary to rule on the point in that case.

DeCarlo has renewed that argument in this case with respect to model sheets he allegedly created in 1997, which depicted updated looks for *Sabrina* 's Aunt Hilda and Aunt Zelda. Def. Mem. 21-22. He argues that he did not assign rights to these model sheets to ACP and raises the novel argument that model sheets are not within the nine categories of works eligible under the 1976 Act for work for hire status. *Id.* at 22. The Court finds that DeCarlo's proposed construction of the 1996 Agreement is unreasonable in light of the fact that the agreement defined "Properties" to include "licensed products," which DeCarlo has conceded include dolls, recordings, animated cartoons, and live-action motion pictures. *DeCarlo I* Cpt. ¶ 24(b). DeCarlo's argument that model sheets are not within the nine categories of works eligible for work for hire status is of no moment because, under the 1996 Agreement, DeCarlo assigned to ACP "any right, title and interest" in contributions that do not qualify

basis on which the Court finds that ACP owns the post-1978 *Sabrina* property.

Between January 1, 1978, the effective date of the 1976 Act, and October 25, 1988, the date of the 1988 Agreement, DeCarlo illustrated only three short stories, three short gags, some covers and a fashion page involving *Sabrina*.[109] ACP contends that none of these projects contained any new *Sabrina* material. Its Rule 56.1 Statement, which stands admitted, states:

> "[t]he original look, personalities and interrelationships of the *Sabrina* characters, as well as the original on-going plot elements of the property, were developed in the first *Sabrina* stories, the Filmation programs and the stories published in the early issues of Laugh-Out. . . . None of [the works illustrated by DeCarlo between January 1, 1978 and October 25, 1988] contain any new delineation of the *Sabrina* property or characters."[110]

Copyright in a character is vested when the character is "completely developed."[111] In view of the fact that DeCarlo's minimal contributions to the *Sabrina* property in the 1978-1988 period contained no new delineation of the property or characters, ACP owns those works.

In any case, *Sabrina* works created after October 25, 1988, the date of the 1988 Agreement, qualify as works for hire owned by ACP. Works created on or after January 1, 1978

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as works for hire. The Court therefore holds that the 1996 Agreement unambiguously assigned to ACP all right, title and interest, if any, that DeCarlo had in the *Sabrina* property.

[109] Pl. 56.1 St. at 123. A "gag" is a short, one page or less, piece that contains a single joke. A fashion page depicts a character in one or more outfits but contains no text. *Id.*

[110] *Id.* at ¶ 123.

[111] *Siegel*, 508 F.2d at 914.

are governed by the 1976 Act. To constitute a work for hire, a work must fit into one of nine categories,[112] be specially ordered or commissioned, and the parties must agree expressly that the work constitutes a work for hire.[113] The "specially ordered or commissioned" prong incorporates much of the "instance and expense" test from the 1909 Act: a work is specially ordered or commissioned within the meaning of the 1976 Act if the hiring party was the "motivating factor" behind the work and the independent contractor was paid for the work.[114] Although the hiring party often retains artistic control over the work, such control is not an absolute requirement of the work for hire test.[115]

The *Sabrina* works fall within the periodical categories covered by the 1976 Act. All were specially ordered or commissioned by ACP.[116] Moreover, the 1988 Agreement expressly provided that all works DeCarlo submitted to ACP would constitute works for hire,[117] and the 1996 Agreement further stated that "[t]his is a Work for Hire agreement between Archie Comic Publications, Inc. . . . and Daniel S.

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[112] Comic strips arguably qualify as works for hire under the "contribution to a collective work" eligible category. 17 U.S.C.A. § 101. A collective work is defined as "a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole." *Id. Cf. Playboy*, 53 F.3d at 558 ("Playboy magazine is a 'collective work' ").

[113] *Playboy*, 53 F.3d at 557-58.

[114] *Id.* at 562-63.

[115] *Id.* at 562.

[116] DeCarlo testified that he never submitted any unsolicited, that is to say unassigned, artwork to ACP. He further testified that he was paid for all the *Sabrina*-related artwork that he did. DeCarlo Dep. 2 at 250.

[117] *E.g.*, 1988 Agreement at ¶ 2(a) ("all Works submitted under this Agreement . . . shall constitute Works Made for Hire and shall be the sole and exclusive property of Archie").

DeCarlo."[118] In consequence, any contributions by DeCarlo to the *Sabrina* property created after October 25, 1988, the date of the 1988 Agreement were works for hire.

3. *Cheryl Blossom* Properties

The *Cheryl Blossom* works are part of the *Archie* property.[119] Paragraph 2(b) of the 1988 Agreement provides that DeCarlo "hereby expressly waives all claims of right which [he] may have to any ownership interest in such works and/or the ARCHIE property." In consequence, ACP also is the owner of any copyright interests in the *Cheryl Blossom* property. Moreover, for reasons discussed above, DeCarlo assigned any rights he may have had to any such works in the 1988 and 1996 Agreements.

B. *The Termination Notices*

The Court held in *Archie II* that "any right [DeCarlo] may have to terminate rights transferred pursuant to the 1988 and 1996 Agreements must be exercised during the five year period beginning at the end of thirty-five years from the date on with the relevant grants were executed."[120]

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[118] 1996 Agreement at preamble; *id.* at ¶ 18 (all of DeCarlo's "contributions to any Properties of Works have been commissioned by Archie and prepared at the request and expense of Archie and that all past, pending and future contributions of [DeCarlo] to the Works and Properties are and shall be Works for Hire owned by and for the benefit of Archie.").

[119] Pl. 56.1 St. ¶¶ 174-83.

[120] *Archie II*, 2001 WL 1543526 at * 3.

In consequence, the purported notices of termination, to the extent DeCarlo has a right to serve them, are premature. ACP is entitled to a declaration that they are null and void.[121]

C. *Injunctive Relief Sought by ACP*

Plaintiff's third claim for relief seeks an injunction barring defendant from suing or threatening to sue ACP and its licensees with respect to the *Josie, Sabrina* and *Cheryl Blossom* properties. In view of the Court's determination that ACP, and not defendant, owns the copyrights in those properties, and in view also of the clear threat of further harassment by this litigious defendant, ACP is entitled to that relief.

## III. Conclusion

ACP's motion for summary judgment is granted to the extent that ACP shall recover judgment:

(1) declaring that defendant is equitably estopped from challenging ACP's exclusive ownership of all rights, title and interest, including copyrights, in and to the *Josie* property;

(2) declaring that defendant's testator's contributions to the *Sabrina* property were works for hire owned *ab initio* by ACP and, in any case, that any right, title and interest therein, including copyrights, which he ever had were assigned by him to ACP;

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[121] The termination rights provided for in Section 203 of the 1976 Act, 17 U.S.C. § 203, do not apply in cases of works for hire. Because the *Sabrina* property was created as a work for hire, the Section 203 termination right does not apply to this property, other than possibly to the three short stories, three short gags, covers and fashion page that DeCarlo illustrated between January 1, 1978 and October 25, 1988, none of which resulted in any new delineation of the *Sabrina* characters. Whether defendant or DeCarlo's heirs may be entitled to invoke Section 203 with respect to any of DeCarlo's *Josie* or *Cheryl Blossom* works is a question which, in the case of the 1988 assignment, can occur no earlier than 2013. The Court declines to rule on that issue at this time.

(3) declaring that all right, title and interest of defendant's testator's contributions to the *Cheryl Blossom* property, if any, were assigned by him to ACP;

(4) declaring that the Notices of Termination of Transfer of Copyright and Related Licenses and Rights referred to in the complaint are null and void; and

(5) enjoining defendant from:

(a) commencing any action against ACP, its successors, its licensees and its licensees' successors which challenges ACP's ownership of the *Josie, Sabrina* and/or *Cheryl Blossom* properties, and/or any character or characters depicted therein, which challenges ACP's ownership thereof, including without limitation, copyrights therein, premised on the assertion that defendant's testator has and/or ever has had any rights therein; and

(b) serving and/or recording any notice of termination of transfer of copyright pursuant to 17 U.S.C. § 203 with respect to the Sabrina property, and/or any character or characters depicted therein, premised on the assertion that defendant's testator has and/or ever has had any rights therein.

Settle judgment on five business days notice.

SO ORDERED.

Dated: April 22, 2003

Lewis A. Kaplan
United States District Judge

## Appendix B

## UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

## SUMMARY ORDER

**THIS SUMMARY ORDER WILL NOT BE PUBLISHED IN THE FEDERAL REPORTER AND MAY NOT BE CITED AS PRECEDENTIAL AUTHORITY TO THIS OR ANY OTHER COURT, BUT MAY BE CALLED TO THE ATTENTION OF THIS OR ANY OTHER COURT IN A SUBSEQUENT STAGE OF THIS CASE, IN A RELATED CASE, OR IN ANY CASE FOR PURPOSES OF COLLATERAL ESTOPPEL OR RES JUDICATA.**

At a stated term of the United States Court of Appeals for the Second Circuit, held at the Thurgood Marshall United States Courthouse, Foley Square, in the City of New York, on the 3rd day of March, two thousand and four.

PRESENT:

HON. CHESTER J. STRAUB,
HON. BARRINGTON D. PARKER,
*Circuit Judges,*
HON. LOUIS L. STANTON,
*District Judge.*[1]

**SUMMARY ORDER**
No. 03-7674

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[1] The Honorable Louis L. Stanton, United States District Judge for the Southern District of New York, sitting by designation.

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ARCHIE COMIC PUBLICATIONS INC.,

*Plaintiff-Counter-Defendant-Appellee,*

v.

JOSETTE DUMONT DECARLO, Executrix of the Estate of Daniel S. DeCarlo,

*Defendant-Counter-Claimant-Appellant,*

AMERICAN BROADCASTING COMPANIES, INC., RICHARD H. GOLDWATER, MICHAEL I. SILBERKLEIT, JOHN DOE, RICHARD ROE, ARCHIECOMICS ONLINE INC., GREGORY BATTERSBY and CHARLES W. GRIMES,

*Counter-Defendants.*

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| | |
|---|---|
| Appearing for Appellant: | Whitney North Seymour, Jr., New York, NY |
| Appearing for Appellee: | Leora Herrmann, Grimes & Battersby LLP, New York, NY (Edmund J. Ferdinand, III, Jessica Elliott, on the brief) |

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Appeal from the United States District Court for the Southern District of New York (Lewis A. Kaplan, *Judge*).

AFTER ARGUMENT AND UPON DUE CONSIDERATION, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the judgment of the District Court is hereby AFFIRMED.

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Defendant-Counter-Claimant-Appellant Josette Dumont DeCarlo, executrix of the estate of Daniel S. DeCarlo, appeals from a judgment of the United States District Court for the Southern District of New York (Lewis A. Kaplan, *Judge*) dated June 11, 2003 granting summary judgment

in favor of Plaintiff-Counter-Defendant-Appellee Archie Comic Publications, Inc. ("ACP") and permanently enjoining DeCarlo's estate from challenging ACP's ownership of intellectual property associated with certain cartoon characters. Familiarity is assumed as to the facts of this case, its procedural context, and the issues that have been raised for appellate review.

We affirm for substantially the reasons stated in the April 23, 2003 memorandum opinion issued by the District Court. *See DeCarlo v. Archie Comic Publ'ns, Inc.*, 258 F. Supp. 2d 315 (S.D.N.Y. 2003).

We have reviewed the remaining arguments raised on appeal and find them to be without merit. Accordingly, the judgment of the District Court is hereby AFFIRMED.

FOR THE COURT:

ROSEANN B. MACKECHNIE, CLERK

BY: _____ DATE: _____

## Appendix C

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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ARCHIE COMIC PUBLICATIONS, INC.,

Plaintiff,

-against-

JOSETTE DUMONT DECARLO,
Executrix of the Estate of Daniel S. DeCarlo,

Defendant.

00 Civ. 5686 (LAK)

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ARCHIE COMIC PUBLICATIONS, INC.,

Plaintiff,

-against-

JOSETTE DUMONT DECARLO,
Executrix of the Estate of Daniel S. DeCarlo,

Defendant.

02 Civ. 8466 (LAK)

---

**FINAL JUDGMENT AND PERMANENT INJUNCTION**

LEWIS A. KAPLAN, *District Judge.*

WHEREAS, on March 31, 2003, the Court granted plaintiff's motion for summary judgment in No. 00 Civ. 5686 and issued an opinion; and

WHEREAS, the Court reconsidered said opinion and, on April 22, 2003, issued an amended opinion and ordered also that judgment should enter in favor of plaintiff and against defendant on all claims and counterclaims in No. 02 Civ. 8466;

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

1. The terms "Josie Property," "Sabrina Property," and "Cheryl Blossom Property" as used herein are defined as set forth in the Second Supplemental Complaint in No. 00 Civ. 5686 (hereinafter the "Second Supplemental Complaint").

2. Plaintiff shall have judgment against defendant on all claims of the Second Supplemental Complaint, save the sixth claim for relief, which plaintiff withdrew, and on all claims and counterclaims in No. 00 Civ. 8466.

3. It is hereby declared that:

(a) Defendant is equitably estopped from challenging the exclusive ownership of plaintiff of all rights, title and interest, including copyrights, in and to the Josie Property;

(b) The contributions of defendant's testator, Daniel S. DeCarlo, to the Sabrina Property were works for hire owned *ab initio* by plaintiff and, in any case, any right, title and interest therein, including copyrights, which Daniel S. DeCarlo ever had in the Sabrina Property were assigned by him to plaintiff on or before October 25, 1988;

(c) Any rights, title and interest of defendant's testator, Daniel S. DeCarlo, in and to the Cheryl Blossom Property were assigned by him to plaintiff on or before October 25, 1988; and

(d) the document entitled "Notice of Termination of Transfer of Copyright and Related Licenses and Rights (Re: 'Sabrina the Teenage Witch')" which defendant's testator caused to be served on plaintiff and certain of its licensees, a copy of which is annexed to the Second Supplemental Complant as Exhibit G, and the document entitled "Notice of Termination of

Transfer of Copyright and Related Licenses and Rights (Re: 'Josie and the Pussycats')" which defendant's testator caused to be served on plaintiff and certain of its licensees, a copy of which is annexed to the Second Supplemental Complaint as Exhibit H, are null and void.

4. Defendant be and she hereby is permanently enjoined and restrained from:

(a) Commencing any action against plaintiff, its successors and assigns, its licensees and its licensee's successors and assigns which challenges plaintiff's ownership of the Josie Property and/or the Sabrina Property, and/or any character or characters depicted therein, which challenges plaintiff's ownership thereof including, without limitation, copyrights therein, premised on the assertion that defendant's testator has and/or ever had any rights therein;

(b) Commencing any action against plaintiff, its successors and assigns, its licensees and its licensee's successors and assigns which challenges plaintiff's ownership of the Cheryl Blossom Property, and/or any character or characters depicted therein, which challenges plaintiff's ownership thereof including, without limitation, copyrights therein, premised on the assertion that defendant's testator had any rights therein after October 25, 1988; and

(c) Serving and/or recording any notice of termination of transfer of copyright pursuant to 17 U.S.C. § 203 with respect to the Sabrina Property and/or any character or characters depicted therein premised on the assertion that defendant's testator has or every had any rights therein.

5. Plaintiff shall recover its costs, as taxed by the Clerk, against defendant in each captioned action.

Dated: June 11, 2003

/s/ Lewis A. Kaplan

Lewis A. Kaplan
United States District Judge

No. 03-1577

SUPREME COURT U.S.
FILED
JUL 23 2004
OFFICE OF THE CLERK

IN THE

# Supreme Court of the United States

JOSETTE DUMONT DECARLO,
Executrix of the Estate of Daniel S. DeCarlo,

*Petitioner,*

v.

ARCHIE COMIC PUBLICATIONS, INC.,

*Respondent.*

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

## BRIEF IN OPPOSITION

LEORA HERRMANN
GRIMES & BATTERSBY, LLP
488 Main Avenue
Norwalk, CT 06851
203-849-8300

*Attorneys for Respondent*

188644

COUNSEL PRESS
(800) 274-3321 • (800) 359-6859

## QUESTIONS PRESENTED

1. Does Rule 56.1 of the Local Rules of the United States District Courts for the Southern and Eastern Districts of New York impose an undue burden on litigants and result in the resolution of disputed issues of fact on motions for summary judgment in violation of the nonmovant's Seventh Amendment right to trial by jury, or does it establish a uniformly accepted mechanism for determining if there are genuine issues of material fact?

2. Did the district court below resolve any disputed issues of fact or make determinations on the credibility of witnesses as to whether:

(a) the contributions of Petitioner's decedent, Daniel S. DeCarlo ("DeCarlo"), to the creation of Respondent's *Sabrina* comic book property were prepared at Respondent's expense and, therefore, qualified as works-for-hire under the "instance and expense" test of the 1909 Copyright Act?

(b) DeCarlo and Respondent had agreed that he would own the copyrights in his contributions to *Sabrina* despite the fact that they were created at Respondent's "instance and expense"?

(c) Petitioner was precluded by an earlier litigation from asserting that DeCarlo owned Respondent's *Josie* property?

3. Did the district court abuse its discretion in holding that the evidence that Petitioner proffered regarding certain lost documents was so speculative and remote that a jury could not make a rational determination of their contents?

4. Did the district court correctly hold that the relevant provisions of the parties' 1988 and 1996 work-for-hire agreements were unambiguous and that, based on undisputed facts, they resulted in an assignment by DeCarlo to Respondent of any copyright interest he might have had in any of the *Cheryl Blossom* and *Sabrina* works?

5. Did the district court correctly hold that there was no dispute of fact as to whether the *Cheryl Blossom* characters were *Archie* characters and that DeCarlo, therefore, waived any claim to them when he executed the parties' 1988 work-for-hire agreement?

## STATEMENT PURSUANT TO RULE 29.6[1]

Archie Comic Publications, Inc. has no parent corporation and no publicly held corporation owns 10% or more of its stock.

1. Because Petitioner did not appeal the dismissal of her counterclaims in 00cv5686, Respondent is the only named counterclaim-defendant with an interest in this case and the other named counterclaim-defendants are not included in this Statement.

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## CITATIONS OF THE OFFICIAL AND UNOFFICIAL REPORTS, OPINIONS AND ORDERS ENTERED IN THE CASE

In addition to the citations in the Petition:

*DeCarlo v. Archie Comic Publications, Inc.*, 2001 U.S. App. LEXIS 11671 (2d Cir. June 1, 2001), *cert. denied*, 534 U.S. 1056 (2001) (affirming grant of summary judgment in related prior litigation)

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*Archie Comic Publications, Inc. v. DeCarlo*, 2002 U.S. Dist. LEXIS 1595 (S.D.N.Y. Feb. 1, 2002) (substituting Petitioner as defendant)

*Archie Comic Publications, Inc. v. DeCarlo*, No. 00Civ5686, 2001 U.S. Dist. LEXIS 10373 (S.D.N.Y. July 23, 2001) (dismissing DeCarlo's second set of counterclaims)

*Archie Comic Publications, Inc. v. DeCarlo*, 141 F. Supp. 2d 428 (S.D. N.Y. 2001) (dismissing DeCarlo's first set of counterclaims)

# STATUTORY PROVISIONS

## STATUTES:

### 28 U.S.C. § 2071. Rule-making power generally

(a) The Supreme Court and all courts established by Act of Congress may from time to time prescribe rules for the conduct of their business. Such rules shall be consistent with Acts of Congress and rules of practice and procedure prescribed under section 2072 of this title.

## FEDERAL RULES OF EVIDENCE:

### Rule 1002. Requirement of Original

To prove the content of a writing, recording, or photograph, the original writing, recording, or photograph is required, except as otherwise provided in these rules or by Act of Congress.

### Rule 1004. Admissibility of Other Evidence of Contents

The original is not required, and other evidence of the contents of a writing, recording, or photograph is admissible if—

(1) Originals lost or destroyed. All originals are lost or have been destroyed, unless the proponent lost or destroyed them in bad faith; or

(2) Original not obtainable. No original can be obtained by any available judicial process or procedure; or

(3) Original in possession of opponent. At a time when an original was under the control of the party against whom offered, that party was put on notice, by the pleadings or otherwise, that the contents would be a subject of proof at the hearing, and that party does not produce the original at the hearing; or

(4) Collateral matters. The writing, recording, or photograph is not closely related to a controlling issue.

**FEDERAL RULES OF CIVIL PROCEDURE:**

**Rule 56. Summary Judgment**

* * * *

(f) *When Affidavits are Unavailable.* Should it appear from the affidavits of a party opposing the motion that the party cannot for reasons stated present by affidavit facts essential to justify the party's opposition, the court may refuse the application for judgment or may order a continuance to permit affidavits to be obtained or depositions to be taken or discovery to be had or may make such other order as is just.

**Rule 83. Rules by District Courts; Judge's Directives**

(a) Local Rules.

(1) Each district court, acting by a majority of its district judges, may, after giving appropriate public notice and an opportunity for comment, make and amend rules governing its practice.

A local rule shall be consistent with—but not duplicative of—Acts of Congress and rules adopted under 28 U.S.C. §§ 2072 and 2075, and shall conform to any uniform numbering system prescribed by the Judicial Conference of the United States. A local rule takes effect on the date specified by the district court and remains in effect unless amended by the court or abrogated by the judicial council of the circuit. Copies of rules and amendments shall, upon their promulgation, be furnished to the judicial council and the Administrative Office of the United States Courts and be made available to the public.

(2) A local rule imposing a requirement of form shall not be enforced in a manner that causes a party to lose rights because of a nonwillful failure to comply with the requirement.

* * * *

**Notes of Advisory Committee.**

* * * *

Paragraph (2) is new. Its aim is to protect against loss of rights in the enforcement of local rules relating to matters of form. . . . Nor does it affect the court's power to enforce local rules that involve more than mere matters of form — for example, a local rule requiring parties to identify evidentiary matters relied upon to support or oppose motions for summary judgment.

## STATEMENT OF THE CASE

This petition involves the second litigation between Respondent Archie Comic Publications, Inc. and the late Daniel S. DeCarlo, a freelance illustrator who began working for Respondent in the 1950s. [Record-192].[2]

On March 6, 2000, DeCarlo filed the first litigation ("*DeCarlo*") in New York Supreme Court seeking a declaration that he owned Respondent's *Josie* property and asserting claims for breach of contract, of fiduciary duty and of the implied covenant of good faith and fair dealing. [Record-333–50]. Respondent removed *DeCarlo* to federal court. [Record-333].

The district court granted Respondent summary judgment on DeCarlo's declaratory judgment count, finding that it asserted an artfully pled copyright ownership claim that was time-barred, and on the pendant claims on the ground that DeCarlo was equitably estopped from challenging Respondent's ownership of *Josie*. *DeCarlo v. Archie Comic Publications, Inc.*, 127 F. Supp. 2d 497, 508-11 (S.D.N.Y. 2001). [Record-178–181]. The Second Circuit Court of Appeals affirmed. [Record-431–35]. This Court denied certiorari. *DeCarlo v. Archie Comic Publications, Inc.*, 534 U.S. 1056 (2001).

### *The Present Actions*

While *DeCarlo* was pending, DeCarlo asserted rights in Respondent's *Sabrina* property. [Record-369–70.] In response, Respondent filed 00cv5686 seeking, *inter alia*, a declaration that DeCarlo was barred from challenging its

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2. References to the "Record" are to the Joint Appendices submitted to the court of appeals. References to "A-__", "B-__" and "C-__" are to the Appendix to the Petition.

ownership of *Sabrina* by the statute of limitations, laches and equitable estoppel, and had assigned any rights in *Sabrina* to Respondent. [Record-364–65].

On December 20, 2000, after DeCarlo filed state law counterclaims against Respondent and the other counterclaim-defendants alleging that he owned *Sabrina* as well as Respondent's character Cheryl Blossom and other characters associated with her (collectively "*Cheryl Blossom*"), the district court granted Respondent leave to file a supplemental complaint adding claims for injunctive relief relating to *Cheryl Blossom*. [Record-372, 392–97, 419–20, 422].

On April 27, 2001, the district court dismissed DeCarlo's counterclaims. *Archie Comic Publications, Inc. v. DeCarlo*, 141 F. Supp. 2d 428, 431-32 (S.D.N.Y. 2001). [Record-126–27]. On May 3, 2001, DeCarlo filed amended counterclaims alleging that he owned *Josie*, *Sabrina* and *Cheryl Blossom* and asserting infringement claims. [Record-424–25, 427]. These were dismissed because DeCarlo had not obtained copyright registrations. *Archie Comic Publications, Inc. v. DeCarlo*, No. 00Civ5686, 2001 U.S. Dist. LEXIS 10373 at *2-3 (S.D.N.Y. July 23, 2001).

On August 23, 2001, the district court granted Respondent leave to supplement its complaint to request, *inter alia*, declarations that *Sabrina* was a work-for-hire and that the statute of limitations, equitable estoppel, and issue and claim preclusion barred DeCarlo from making claims as to *Josie*. [Record-26–57].

On November 29, 2001, Respondent moved for summary judgment. [Record-188]. In compliance with Rule 56.1 of the Local Rules of the United States District Courts for the Southern and Eastern Districts of New York ("Local Rule 56.1"), Respondent filed a statement of undisputed material

facts (the "Rule 56.1 Statement") which listed each of the subsidiary facts that were material to each of the multiple grounds asserted in its motion, most of which were ultimately not addressed by the district court, and provided supporting citations to the record. [Record-191-269].

DeCarlo died in December 2001 and Petitioner, his executrix, was substituted as defendant on February 1, 2002. *Archie Comic Publications, Inc. v. DeCarlo*, No. 00cv5686, 2002 U.S. Dist. LEXIS 1595 (S.D.N.Y. Feb. 1, 2002). Petitioner did not move to strike any portion of Respondent's Rule 56.1 Statement, nor did Petitioner file a paragraph-by-paragraph response to it as required under Local Rule 56.1. [Record-282–87].

On October 23, 2002, Respondent filed 02cv8466 seeking, *inter alia*, a declaration that DeCarlo's contributions to *Josie* were works-for-hire. [Record-67–78]. On November 19, 2002, Petitioner served an Amended Answer and Counterclaims in 02cv8466 asserting that Respondent had infringed DeCarlo's alleged copyrights in *Josie*, *Sabrina*, and *Cheryl Blossom*. [Record-97–107]. On January 3, 2003, the district court consolidated 02cv8466 and 00cv5686, and stayed all proceedings related to damages. [Record-464].

On March 31, 2003, the district court granted Respondent's motion for summary judgment, and on April 23, 2003, it issued an amended decision which held, *inter alia*, that:

(1) Issue and claim preclusion bar Petitioner from relitigating whether DeCarlo was equitably estopped from challenging Respondent's ownership of *Josie* in the context of an infringement claim.

(2) With a few exceptions that did not further delineate the property, DeCarlo's contributions to *Sabrina* were works-for-hire.

(3) By virtue of the waiver of rights and assignment clauses of DeCarlo's work-for-hire agreements with Respondent, Respondent acquired title to any rights DeCarlo may have had in *Sabrina* and *Cheryl Blossom*. *Archie Comic Publications, Inc. v. DeCarlo*, 258 F. Supp. 2d 315 (S.D.N.Y. 2003). At Petitioner's request, the court ordered that judgment also be entered against her in 02cv8466. [A-4 (n. 1)]. In an unpublished summary order, the United States Court of Appeals for the Second Circuit affirmed. [B-1–B-3].

The district court's decision castigated Petitioner for failing to comply with Local Rule 56.1 and held that the facts asserted in Respondent's Rule 56.1 Statement could be deemed admitted for purposes of the motion. [A-6–A-9]. However, the district court also stated that it had reviewed the record and found that "the results here would have been the same even if the Court disregarded entirely the defendant's failure to comply with Rule 56.1." [A-8–A-9].

## STATEMENT OF FACTS

For nearly forty years prior to *DeCarlo*, Respondent had conducted itself as the sole owner of *Josie* and *Sabrina*, using the properties in its comic books and licensing them for use on a wide variety of goods. [Record-204–24, 470–73, 523]. Prior to November 1999, DeCarlo had never asserted the alleged ownership rights that he claimed in *DeCarlo*. [Record-473, 527–34, 541–54, 556, 561, 639–41, 643–44].

It is undisputed that DeCarlo drew the first *Josie* works, although he claimed that he created them independently in the 1950s while Respondent claims that it commissioned them from him in 1961. [Record-235–37].

At his deposition, DeCarlo testified that, in 1962, Respondent's editor Richard Goldwater conceived *Sabrina*, commissioned a detailed script for the first *Sabrina* story from a freelance writer, and assigned the script to DeCarlo to illustrate, asking him to begin by preparing a model sheet showing proposed designs for the script's characters so that Goldwater could approve their likenesses before DeCarlo prepared the finished artwork for the story. [Record-562–65, 570–73, 576–93]. As was customary, DeCarlo was paid a flat fee based on the length of the story. [Record-574–75, 606].

DeCarlo also testified that all of his subsequent *Sabrina* works were commissioned by Respondent and that he was paid a flat fee for them. [Record-575, 603–04, 607, 613–16, 626].

The *Cheryl Blossom* characters were created in 1982 as additions to Respondent's *Archie* property, which was developed in the early 1940s and features Respondent's famous characters Archie, Betty, Veronica and their Riverdale high school classmates. [Record-485, 505–06]. Throughout the decades, Archie, Betty and Veronica have been involved in a love triangle. *Id.* In 1982, Respondent added two new characters to the *Archie* property, Cheryl Blossom and her brother Jason. [Record-485, 506]. Cheryl and Jason first appeared in an *Archie* story which was published in 1982 in Respondent's longstanding series *Betty and Veronica* and featured Betty, Veronica, Cheryl, and Jason. [Record-485, 506, 630–36.] The cover of this issue bears the legend "Introducing Cheryl, Riverdale's Newest Bombshell!" [Record-630–36.] Cheryl and Jason were thus introduced as additional *Archie* characters.

Over the next two years, the *Cheryl Blossom* characters were written into a number of *Archie* stories that were, published in *Archie* comics such as *Betty and Veronica*, *Archie*

and *Archie at Riverdale High*. [Record-507–08]. An occasional story involving Cheryl did not use any of the original *Archie* characters, but this was the exception. [*Id.*]. From 1984 until 1994, Respondent did not publish any new stories involving Cheryl or her private school classmates. [*Id.*]. However, in 1994, Cheryl was resurrected for Respondent's *Love Showdown* series in which Archie received a mysterious love letter propelling Betty and Veronica into a frenzied battle over him. [*Id.*]. In the end, Archie chose Cheryl. [*Id.*]. The popularity of this story led Respondent to publish comic books under the title *Cheryl Blossom*. [*Id.*]. However, these comic books featured the *Cheryl Blossom* characters as members of the *Archie* universe. [*Id.*].

To get paid, Respondent's freelancers submitted a voucher form for each job. [Record-594–95]. The earliest surviving voucher is from 1981, almost twenty years after *Josie* and *Sabrina* were created. [Record-292, 509–10, 525].

As early as the 1960s, Respondent's paychecks to its freelancers were stamped with an endorsement legend containing terms that the freelancers accepted when they endorsed their checks. [Record-525]. At his deposition in this case, DeCarlo produced, for the first time, a handwritten copy he had made of Respondent's 1970 endorsement. [Record-303–04, 597–99]. All other surviving copies of Respondent's endorsements date from the 1980s. [Record-526]. These differ materially from the 1970 endorsement. [Record-295, 324]. No evidence was produced or submitted by either party in *DeCarlo* regarding the endorsements or vouchers. [A-15–A-17; Record-108, 303–04, 597–99; Petition at 22].

On October 25, 1988 DeCarlo signed Respondent's Newsstand Comic Independent Contractor's Agreement

which contained waiver of rights, assignment, and work-for-hire clauses. [Record-79–85]. On December 12, 1996, he signed Respondent's Revised Newsstand Independent Contractor's Agreement which contained assignment and work-for-hire clauses. [Record-86–91].

## REASONS FOR DENYING THE PETITION

## LOCAL RULE 56.1 ADOPTS AN ACCEPTED JUDICIAL PROCEDURE THAT HAS BEEN UNIFORMLY APPROVED BY THE COURTS OF APPEALS THAT HAVE ADDRESSED IT

Petitioner asserts that Local Rule 56.1 encourages district courts to grant summary judgment in cases in which there are genuine issues of material fact. Contrary to this, all of the courts of appeals that have reviewed the application of analogous local procedures have approved them and, in many cases, have praised them for promoting the *correct* disposition of summary judgment motions. *See, e.g., Ammons v. Aramark Unif. Servs., Inc.*, 368 F.3d 809, 817-18 (7th Cir. 2004); *Northwest Bank & Trust Co. v. First Ill. Nat'l Bank*, 354 F.3d 721, 724 (8th Cir. 2003); *Rivera v. Riley*, 209 F.3d 24, 27-28 (1st Cir. 2000); *Gubitosi v. Kapica*, 154 F.3d 30, 31 n.1 (2d Cir. 1998); *Petrolite Corp. v. Baker Hughes, Inc.*, 96 F.3d 1423, 1425-26 (Fed. Cir. 1996); *Twist v. Meese*, 854 F.2d 1421, 1425 (D.C. Cir. 1988); *Nilsson, Robbins, Dalgarn, Berliner, Carson & Wurst v. Louisiana Hydrolec*, 854 F.2d 1538, 1545 (9th Cir. 1988); *Calmaquip Engineering West Hemisphere Corp. v. West Coast Carriers Ltd.*, 650 F.2d 633, 636 (5th Cir. 1981).

"District courts do not institute Local Rules to frustrate litigators, but to ensure the efficient and expedient execution of justice." *Somlyo v. Lu-Rob Enters., Inc.*, 932 F.2d 1043, 1048 (2d Cir. 1991). The "purpose of Local Rule 56.1 is to streamline the consideration of summary judgment motions

by freeing district courts from the need to hunt through voluminous records without guidance from the parties." *Holtz v. Rockefelier & Co.*, 258 F.3d 62, 74 (2d Cir. 2001). As the Eighth Circuit Court of Appeals explained, in approving a local rule that, like Local Rule 56.1, requires the party opposing summary judgment to expressly admit, deny or qualify each of the factual assertions in the movant's statement of material facts, such rules

> seek to aid the district court in passing upon a motion for summary judgment, reflecting the aphorism that it is the parties who know the case better than the judge. . . . Local Rule 56.1 exists to prevent a district court from engaging in the proverbial search for a needle in a haystack.

*Northwest Bank & Trust Co.*, 354 F.3d at 725.

It is true that

> summary judgment is not a paper trial, [and] the district court's role in deciding the motion is not to sift through the evidence, pondering the nuances and inconsistencies, and decide whom to believe. The court has one task and one task only: to decide, based on the evidence in the record, whether there is any material dispute of fact that requires a trial. (Citation omitted.) *The parties, in turn, bear a concomitant burden to identify the evidence that will facilitate this assessment.*

*Waldridge v. American Hoechst Corp.*, 24 F.3d 918, 920 (7th Cir. 1994) (emphasis added). Local Rule 56.1 provides a mechanism for this process.

Respondent has not found a single case in which a court of appeals has found that such a local rule induced improper fact-finding by a district court. Indeed, recognizing the value

of such rules, the First Circuit Court of Appeals recommended that the District of Massachusetts "consider whether some such rule is desirable" to minimize the risk of "district court judges being unfairly sandbagged by unadvertised factual issues." *Stepanischen v. Merchants Despatch Trans. Corp.*, 722 F.2d 922, 931, 932 (1st Cir. 1983).

There is thus no conflict in the circuits as to the advisability of local procedures such as Local Rule 56.1. Furthermore, the authority of the district courts to enact such procedures, pursuant to Rule 83 of the Federal Rules of Civil Procedure and 28 U.S.C. § 2071, is clear. *Frazier v. Heebe*, 482 U.S. 641, 646 (1987); Fed. R. Civ. P. 83 advisory committee note (1995 Amendments).

Petitioner asserts that Local Rule 56.1 is unduly burdensome because it requires the nonmovant to respond to assertions of fact that are not material. However, the rules of procedure provide a ready solution for cases in which the movant's statement includes immaterial facts: the nonmovant can file a motion to strike. In the alternative, it can simply abstain from responding to the assertions of immaterial fact. While the unresponded-to factual assertions may be deemed admitted for the limited purposes of the summary judgment motion, if they are indeed immaterial, this will have no effect on the disposition of the motion.[3]

Petitioner did not move to strike any of the factual assertions in Respondent's Rule 56.1 Statement. Furthermore, it did not directly controvert *any* of the specific factual

3. Respondent is not aware of any application of Local Rule 56.1 to deem uncontroverted facts admitted for purposes other than the summary judgment proceeding. In this regard, the local rule is entirely distinct from Rule 36 of the Federal Rules of Civil Procedure under which the failure to respond to a request for admissions can result in a fact being deemed admitted for all purposes.

assertions contained in the statement, not even those that were material to the summary judgment grounds that the district court ultimately ruled on – *i.e.*, the predicate facts *underlying Respondent's assertion* of issue and claim preclusion as to *Josie*, work-for-hire as to *Sabrina*, and assignment and waiver as to *Sabrina* and *Cheryl Blossom*.

Instead, as to those factual assertions that it did not expressly admit, Petitioner listed 109 paragraph numbers which she disputed "on the grounds that they are variously inaccurate, misleading, irrelevant, hearsay, argumentative and/or incomplete" and 79 paragraphs which she disputed, without moving for leave to conduct additional discovery pursuant to Rule 56(f) of the Federal Rules of Civil Procedure, "because they relate to transactions and discussions conducted out of [DeCarlo's] presence, without any participation, knowledge or consent on his part." [Record-286-87]. Petitioner's separate statement of disputed facts broadly restated some of the issues raised by Respondent's motion, rather than setting forth specific facts that Petitioner claimed were in dispute. [Record-282-85]. These submissions utterly failed to serve the important goals of Local Rule 56.1.

Rules like Local Rule 56.1 advance the interests of litigants and the courts by facilitating the identification of cases in which material facts relevant to the parties' claims and defenses are in dispute, as well as the "rights of persons opposing such claims and defenses to demonstrate in the manner provided by [Rule 56 of the Federal Rules of Civil Procedure], prior to trial, that the claims and defense have no factual basis." *Celotex Corp. v. Catrett*, 477 U.S. 317, 327 (1986). There is nothing in Local Rule 56.1 or its application in this case that departs from the accepted and usual course of judicial proceedings or warrants an exercise of this Court's supervisory power.

## APPLICATION OF LOCAL RULE 56.1 WAS NOT DISPOSITIVE OF RESPONDENT'S MOTION

Local Rule 56.1 authorizes the district court to deem admitted any facts set forth in a summary judgment movant's Rule 56.1 statement that are not specifically controverted by the opposing party. This is entirely consistent with Rule 56(e) of the Federal Rules of Civil Procedure which provides that "the adverse party's response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial" and that if "an adverse party does not so respond, summary judgment, if appropriate, shall be entered against the adverse party." Fed. R. Civ. P. 56(e); *see Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256 (1986). In the decisions cited above, the courts of appeals have approved analogous provisions under which the failure to controvert the movant's statement of material facts results in those facts being deemed admitted. Respondent has found no circuit decision disapproving of such a procedure.

Such procedures do not deprive the nonmovant of the *right* of trial by jury guaranteed by the Seventh Amendment to the United States Constitution. *See Fidelity & Deposit Co. v. United States*, 187 U.S. 315, 320 (1902). They merely "prescribe[] the means of making an issue. The issue made as prescribed, the right of trial by jury accrues." *Id.* Thus, application of Local Rule 56.1 to deem facts admitted raises no constitutional or other important federal issue requiring resolution by this Court.

Furthermore, the application of Local Rule 56.1 below was not dispositive of Respondent's motion and, therefore, does not warrant review. While the district court held that the facts in Respondent's Rule 56.1 Statement were deemed admitted, it also reviewed the record and determined that

"the results here would have been the same even if the Court disregarded entirely the defendant's failure to comply with Rule 56.1." [A- 8–A-9].

## THE DISTRICT COURT'S SUMMARY JUDGMENT RULING DID NOT DEPART FROM THE ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDINGS; NO DISPUTED ISSUES OF FACT WERE RESOLVED

Petitioner's assertion that the district court resolved issues of fact misrepresents what occurred below.

### *Sabrina: Work-For-Hire*

The petition does not seek certiorari as to the standard used in the Second Circuit and applied in this case to determine whether DeCarlo's pre-1978 works were works-for-hire under the 1909 Copyright Act. Under this test, an "independent contractor is an 'employee' and a hiring party an 'employer'. . . if the work is made at the hiring party's 'instance and expense.'" *Playboy Enters. v. Dumas*, 53 F.3d 549, 554 (2d Cir. 1995) (quoting *Brattleboro Publ'g Co. v. Winmill Publ'g Corp.*, 369 F.2d 565, 567 (2d Cir. 1966)). The "'expense' requirement [is] met where a hiring party simply pays an independent contractor a sum certain for his or her work." *Playboy* at 555. If the "instance and expense" test is satisfied, the independent contractor's work is considered a work-for-hire unless he "demonstrate[s] by a preponderance of the evidence that . . . a contrary agreement was reached." *Id.* at 554-55. In applying this test, the "ultimate determination, on settled facts, of whether a work qualifies as a work-for-hire is a question of law." *Langman Fabrics v. Graff Californiawear, Inc.*, 160 F.3d 106, 111 (2d Cir. 1998).

Petitioner asserts that the district court resolved a factual dispute as to whether DeCarlo was paid for the alleged *Sabrina* model sheet. Petition at 18, 22. This did not occur.

DeCarlo's deposition testimony as to the *Sabrina* model sheet was as follows:

- When Goldwater asked him to illustrate the first *Sabrina* script, he told DeCarlo to start by preparing a model sheet showing how he proposed to draw the script's characters. [Record-562–63].

- The purpose of the model sheet was to enable Respondent to select a hairstyle for Sabrina (whom DeCarlo drew using his "standard female face") and to review DeCarlo's proposed depictions of the characters before he prepared the final artwork for the story. [Record-563, 565–70].

- When he received the story assignment, DeCarlo understood that the model sheet was the "first step" in his execution of it and that he would be paid a flat fee for the entire project based on the number of pages in the story. [Record-563, 573–75, 627]. DeCarlo clearly understood that the model sheet was part of the larger assignment for which he was paid a flat fee. [Record-194–95].

In addition to this testimony, Respondent relied on uncontroverted evidence that it expected its freelancers to write and illustrate stories about new characters as part of their job and that neither it nor its industry competitors paid extra for stories merely because new characters were involved. [Record-492].

Based on this undisputed evidence, the district court concluded that the "fact that [DeCarlo] was paid for each assignment satisfies the expense prong of the work for hire test" – *i.e.*, that the payment given to DeCarlo for illustrating the first *Sabrina* story sufficiently compensated him for any model sheet he might have prepared in the course of completing the assignment to satisfy the test. [A-27 (n. 85)]. Under the Second Circuit's standard, not challenged here, this holding resolved a question of law because it involved the "ultimate determination, on settled facts, of whether a work qualifies as a work-for-hire." *Langman Fabrics*, 160 F.3d at 111.

However, even if viewed as a question of fact, there was no dispute to resolve. In light of DeCarlo's characterization of the model sheet as the "first step" toward completing the story assignment and his acknowledgment that it was part of the assignment for which he was paid a flat fee, no reasonable jury could conclude that the model sheet was a separate project that had to be separately paid for to satisfy the "expense" prong of the work-for-hire test.

Petitioner argued below that, even if DeCarlo's contributions to the creation of *Sabrina* were created at Respondent's "instance and expense," they were not works-for-hire because Respondents and its freelancers had contracted around the work-for-hire doctrine; *i.e.*, that they had reached a "contrary agreement." *Playboy* at 554-55. The sole evidence that Petitioner submitted in support of this position related to the payment vouchers and check endorsement legends that Respondent required its freelancers to sign when they submitted and were paid for their work. Petitioner attempted to prove that Respondent used the term "author" on its endorsements in 1962, when *Sabrina* was created, arguing that this constituted an acknowledgment by Respondent that its freelancers, and DeCarlo in particular, owned the copyrights in their works. The Petition asserts that

the district court "made a sweeping factual finding . . . that identification of DeCarlo as 'author' on check endorsements did not apply to *Sabrina*." Petition at 22.

However, the district court did not make a factual finding. It ruled on the probative value of the evidence Petitioner offered to prove the contents of the check endorsements that were used in 1962, concluding that "any determination by a trier of fact as to what the text was during the relevant period . . . would be speculation." [A-31]. As noted by the district court, no copies of the endorsements and vouchers that were used in 1962 have survived. [A-27]. The oldest existing copy of an endorsement is the copy that DeCarlo made of a check he received in 1970. [A-295]. The oldest voucher form dates from 1981. [Record-292, 509–10, 525]. DeCarlo himself could not recall the text of the documents Respondent used in 1962, whether the check he received for illustrating the first *Sabrina* story was even stamped with an endorsement legend or whether Respondent's vouchers from that era referred to ownership of the freelancer's work. [Record-304, 595, 598]. The vague declarations that Petitioner submitted from two of Respondent's freelancers did not specify whether the endorsements and voucher forms that Respondent used in 1962 used the term "author". [Record-318, 321-22]. Applying the best evidence rule, Fed. R. Evid. 1002 and 1004, the district court concluded that Petitioner had "failed to sustain [her] burden of adducing admissible evidence which, if credited, would permit a rational finding, by clear and convincing evidence, as to the substance of [the] language" of the endorsements and vouchers that Respondent used in 1962.[4] [A-31].

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4. The court further held that it "would reach precisely the same result under a preponderance of the evidence standard as this Circuit does 'not permit an issue to go to trial on the basis of mere speculation in favor of the party that bears the burden of proof.'" [A-31–A-32 (*quoting Gant v. Wallingford Bd. of Educ.*, 195 F.3d 134, 144 (2d Cir. 1999))].

"An evidential hypothesis is used in drawing an inference, through deductive reasoning, from evidence introduced in the trial to a consequential fact." 2-401 Weinstein's Federal Evidence § 401.04[4][c] (2004). However, it is a basic principle of evidence that "when speculation unsupported by evidence is necessary to conclude the hypothesis, the evidence is not relevant and will be inadmissible." *Id.* Such evidentiary determinations are reviewed under the abuse of discretion standard. *GE v. Joiner*, 522 U.S. 136, 143 (1997).

The district court's holding that the evidence that Petitioner proffered was too remote and uncertain to permit a jury to determine without speculation the text of the endorsements and vouchers that Respondent used in 1962, and the affirmance of this ruling by the court of appeals, do not raise an important question of law or result in a procedural irregularity warranting review by this Court.

Furthermore, this ruling was not dispositive. As an alternate basis for its grant of summary judgment to Respondent as to *Sabrina*, the district court held that

> even if one were to assume that the endorsements and voucher agreement forms used from 1960 through the end of 1977 were the same as the endorsement DeCarlo copied down in 1970, the assumption would not permit an inference (under either a clear and convincing or a preponderance standard) that ACP and DeCarlo agreed that DeCarlo would retain copyright in his contributions to the *Sabrina* property.

[A-32]. Because the language of the endorsement was equally consistent with a quitclaim "transfer of DeCarlo's interest, *if any*, in the works" as with "a transfer of a limited right," the district court held that it could not be the basis for a

finding by a reasonable trier of fact that Petitioner had met her burden of persuasion as to whether the parties had contracted around the work-for-hire presumption. [A-34 (emphasis in original)]. Petitioner does not specifically address this aspect of the district court's decision, although she quotes a portion of it in the Petition, and does not seek certiorari as to the placement of the burden of persuasion on her as to this issue. Petition at 25-26. As such, this Court's review of the district court's refusal to allow a jury to speculate as to the text of the 1962 endorsement and voucher forms would have no effect on the outcome of the case.

***Josie***

Petitioner argued to the court of appeals that issue and claim preclusion should not be applied as to *Josie* because, *inter alia*, a jury could conclude from the evidence as to the content of Respondent's check 1962 endorsements and payment vouchers, which had not been offered in *DeCarlo*, that Respondent was not ignorant of DeCarlo's ownership claim, in which event equitable estoppel should not apply. Brief and Special Appendix for Defendant-Counter-Claimant-Appellant at 24. The Petition asserts that, in addition to holding this evidence insufficient, the district court erroneously faulted DeCarlo for failing to offer this evidence in the earlier case, arguing that the district court was "thereby making wholly improper witness credibility determinations." Petition at 18. However, the Petition misstates the record and mischaracterizes the district court's ruling.

A party cannot "avoid issue preclusion simply by offering evidence in the second proceeding that could have been admitted, but was not, in the first, but rather bears the consequences of inadequate litigation by waiving the right to do so in a subsequent case." 18 Moore's Federal Practice

– Civil § 132[2][d] (2003); *accord, Yamaha Corp. of Am. v. United States*, 961 F.2d 245, 254-55 (D.C. Cir. 1992); *see also United States v. Moser*, 266 U.S. 236, 242 (1924) (quoted in *Montana v. United States*, 440 U.S. 147, 162 (1979)). Preclusion can be avoided only if "without fault of his own" a party was deprived of "'crucial' evidence or witnesses in the prior action." *United States v. United States Currency in Amount of $228,536.00,* 895 F.2d 908, 920 (2d Cir. 1990), *quoting Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 333 (1971).

Applying these established principles, which are not challenged in the petition, the district court held that issue and claim preclusion apply because DeCarlo possessed his copy of the 1970 check legend during the *DeCarlo* litigation. [A-108]. DeCarlo did not disclose the existence of the copy until his deposition in this, the second lawsuit. [Record-302]. He was thus solely responsible for the fact that it was not before the court in *DeCarlo*. He was also responsible for his failure to obtain testimony in *DeCarlo* from other freelancers regarding Respondent's practices, as Petitioner did in this case. [A-26, A-29–A-30]. DeCarlo was thus given a full and fair opportunity in *DeCarlo* to litigate the question of Respondent's ignorance of his ownership claim. Rather than passing on witness credibility, as the Petition asserts, the district court held that DeCarlo's failure to take full advantage of that opportunity does not relieve his estate from the preclusive effect of the *DeCarlo* litigation. [A-25–A-26].

Moreover, the check endorsements and vouchers are not "crucial" or even relevant to the issue of equitable estoppel. First, no endorsements or vouchers from the years prior to 1970 have survived. As set forth above, the district court made an evidentiary determination that there was no non-speculative basis for a jury determination as to the text of the documents used prior to 1970. Second, even if it were

permissible to allow the trier of fact to speculate that the endorsements and vouchers that Respondent used in the late 1950s and early 1960s were identical to DeCarlo's 1970 copy, this would not support an inference that Respondent was aware that DeCarlo claimed to own the copyrights in his commissioned artwork.

The 1970 endorsement, as copied by DeCarlo, states that Respondent's "check is accepted as full payment for all the undersigned's right, title and interest in and to the strip, copy, art, continuity, characters, story or manuscript entitled or used in" the story identified on the check. [Record-295]. It "affirms that the maker of this check and/or its assigns are given the full rights to use said property for publication, movies, talkies, radio, television, broadcasting, advertising, or for any other use" and have the right to make editorial changes. *Id.* Finally, it includes a representation that "Endorser is the autor [sic] or accredited agent in this sale and guarentees [sic] that the work is free from libel or infringement." *Id.* Rather than reflecting knowledge that DeCarlo believed he owned the copyrights in the works he prepared for Respondent, the fact that Respondent required its freelancers to confirm its ownership of its characters reinforces the reasonableness of Respondent's belief that it owned all rights in its freelancers' works, including the right of first publication (common law copyright).

In 1970, an attorney told DeCarlo that the check legend was "garbage" and presented "no problem" as to his *Josie* ownership claim. [Record-628–29]. However, DeCarlo never communicated this to Respondent, nor did he tell it that he claimed to own *Josie*. [Record-473, 643–44]. Thus, Respondent remained ignorant that, despite the work-for-hire doctrine and its use of the check endorsements and vouchers, DeCarlo claimed to own the property.

The district court's summary judgment ruling in favor of Respondent as to the *Josie* property did not involve the resolution of any issues of fact or determinations of credibility. Rather, it involved the straight-forward application of established principles of issue and claim preclusion. Nothing in this ruling warrants review by this Court.

***Cheryl Blossom and Sabrina: Waiver and Assignment***

The Petition baldly asserts that the parties' work-for-hire agreements were ambiguous, arguing that the district court usurped the jury's role in holding that DeCarlo had assigned to Respondent all of his *Cheryl Blossom* works, including any model sheet he may have prepared, as well as any *Sabrina* works that were not works-for-hire. However, the relevant provisions of the agreements are unambiguous and there are no disputed issues of fact for a jury to resolve in applying the agreements to these properties.

Paragraph 2(b) of DeCarlo's 1988 independent contractor agreement is the primary ground on which the district court ruled in favor of Respondent as to *Cheryl Blossom*. [A-38]. It provides that "Contractor hereby expressly waives all claim of right which it may have to any ownership interest in . . . the ARCHIE property." [Record-81]. There is no ambiguity in this provision.

There was no disputed issue of fact as to whether the *Cheryl Blossom* characters are part of the "ARCHIE property." The original stories featuring these characters and nearly all of the subsequent stories involved the original *Archie* characters. [Record-507–081. Indeed, DeCarlo's deposition testimony confirmed that the *Cheryl Blossom* characters were created for the *Archie* property. [Record-617–18, 623, 625]. He testified that Respondent's editor, Richard

Goldwater, told him in 1982 that Respondent wanted to do a story about a character richer and snobbier than the *Archie* character Veronica; Goldwater asked him to draw the character and her family; he drew a model sheet showing Cheryl, Jason, their parents, and one of Cheryl's friends; a story conference was held with writer Frank Doyle (deceased), Respondent's then-president John Goldwater (deceased), Richard Goldwater, and DeCarlo, at which DeCarlo described Jason's relationship with Betty and Veronica, two of the core *Archie* characters; and Doyle then wrote stories that were assigned to him to illustrate. [Record-467, 617–24].

The district court's determination that the *Cheryl Blossom* characters are part of the "ARCHIE property" and that the waiver clause of Paragraph 2(b) of the 1988 agreement applies to them thus did not require resolution of any disputed issue of fact.

Likewise, there was no disputed issue of fact involved in the determination that the parties' 1996 work-for-hire agreement assigned DeCarlo's interest in the *Cheryl Blossom* model sheet, if any, to Respondent. Paragraph 1 of the 1996 agreement unambiguously defines "Properties" as existing and future-created "characters, artwork, stories, plots, trademarks, logos and other creative expressions" that "are commissioned by Archie and/or used in any of Archie's publications or licensed products." [Record-86]. By DeCarlo's own testimony, the model sheet was "artwork . . . commissioned by Archie" and the *Cheryl Blossom* characters are "characters . . . used in . . . Archie's publications." [Record-618–19].

The 1996 agreement unambiguously defines "Works" as the "past, pending and future uses of [the] Properties. . . ." [Record-86]. That the model sheet and DeCarlo's other

*Cheryl Blossom* story illustrations are "Works" is beyond dispute.

Paragraph 19 of the 1996 agreement unambiguously assigned to Respondent all of DeCarlo's "past, pending or future contributions . . . to the Works or Properties [that] do not qualify as a Work for Hire . . . including all copyrights." [Record-89]. This assignment unambiguously encompasses the copyrights in the *Cheryl Blossom* characters as well as the model sheet and all other artwork in which the characters appeared. To the extent that DeCarlo had any rights in the *Cheryl Blossom* properties or works, he assigned them to Respondent.

The same holds true for *Sabrina*. DeCarlo testified that his model sheet was commissioned, and all of the *Sabrina* characters have been used in Respondent's publications and/or licensed products. [Record-226–34, 562–63]. Hence, they fall within the unambiguous definitions of "Properties" and "Works". Thus, the district court's holding that DeCarlo assigned to Respondent any rights he may have had in *Sabrina* and *Cheryl Blossom* raises no issue for review by this Court.

## CONCLUSION

The Petition fails to demonstrate any valid ground for review of the decision below and should be denied.

Respectfully submitted,

LEORA HERRMANN
GRIMES & BATTERSBY, LLP
488 Main Avenue
Norwalk, CT 06851
203-849-8300

*Attorneys for Respondent*

(3)

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No. 03-1577

In the

# Supreme Court of the United States

JOSETTE DUMONT DECARLO,
Executrix of the Estate of Daniel S DeCarlo,

*Petitioner,*

vs.

ARCHIE COMIC PUBLICATIONS, INC.,

*Respondent.*

PETITION FOR WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

## REPLY BRIEF OF PETITIONER

WHITNEY NORTH SEYMOUR, JR.
*Attorney for Petitioner*
425 Lexington Avenue, Room 1721
New York, New York 10017
(212) 455-7640

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In accordance with Supreme Court Rule 15(g), Petitioner respectfully submits this Reply Brief addressing new points raised in the Brief in Opposition.

## 1. WIDESPREAD CIRCUIT COURT APPROVAL OF LOCAL DISTRICT COURT RULE 56.1 AND ITS EQUIVALENTS BY SEVEN COURTS OF APPEAL, IN ADDITION TO THE SECOND CIRCUIT, UNDERSCORES THE IMPORTANCE OF THE QUESTION OF FEDERAL LAW RAISED BY THIS PETITION.

The Brief in Opposition states (at page 10) that Local Rule 56.1 of the Eastern and Southern Districts of New York has been approved, not only by the Second Circuit Court of Appeals, but also, in substance, by seven other Circuit Courts:

First Circuit
Fifth Circuit
Seventh Circuit
Eighth Circuit
Ninth Circuit
D.C. Circuit
Federal Circuit

This fact emphasizes the importance of the question of federal law raised by this Petition and a compelling reason why this Petition should be granted (see Supreme Court Rule 10(c)).

## 2. THE DISTRICT COURT'S "CASTIGATION" OF COUNSEL FOR FAILURE TO COMPLY WITH LOCAL RULE 56.1 SO FAR DEPARTS FROM THE ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDINGS AS TO CALL FOR AN EXERCISE OF THIS COURT'S SUPERVISORY POWERS.

The Brief in Opposition candidly states the District Court's decision "castigated" Petitioner for failing to comply with Local Rule 56.1 (at page 7). According to Respondent's Brief (at page 12):

> Petitioner asserts that Local Rule 56.1 is unduly burdensome because it requires the nonmovant to respond to assertions of fact that are not material. However, the rules of procedure provide a ready solution for cases in which the movant's statements includes immaterial facts: the nonmovant can file a motion to strike. *In the alternative, it can simply abstain from responding to the assertions of immaterial fact.*

(Emphasis added.)

If abstention were in fact an option, there would be no problem. However, that is not how the District Court interpreted and applied the Rule 56.1 when it castigated counsel in this case. The Judge held that "'[a] proper Rule 56.1 statement submitted by a non-movant should consist of a *paragraph-by-paragraph response* to the movant's 56.1 statement, much like an answer to a complaint' and must cite admissible evidence...." (A-5–A-6) (Emphasis added.) Petitioner's counsel's failure to respond to every paragraph in the movant's Rule 56.1 statement in a manner to satisfy the District Judge formed the basis for the following public criticisms of counsel in his published opinion:

"This response is utterly insufficient." (A-7)

* * *

"To the extent she denies the ability to admit or deny these assertions, her response also is insufficient because alleged inability to admit or deny is no excuse, at least in the absence of a sufficient Rule 56(f) affidavit, and none has been submitted here." (A-8)

* * *

"In any case, the Court has reviewed the record and finds that the facts set forth below are undisputed, which is not surprising in view of the fact that defendant has submitted in opposition to the motion only two brief declarations of percipient witnesses and one by her attorney." (A-8–A-9)

These harsh statements by a Federal Judge in a published opinion demonstrates not only the departure of one lower court from the accepted and usual course of proceedings under Rule 56 as interpreted by the U.S. Supreme Court, but they bode ill for the future conduct of all commercial litigation in United States courts.

No counsel wishes to have his or her client read such indictments of professional conduct in a published opinion — which obviously invite immediate termination of services or even a malpractice claim. As a result, it is predictable that in future cases, corporate and other deep-pocket defendants are guaranteed an absolute foolproof weapon for harassment of impecunious individual plaintiffs simply by filing sweeping encyclopedic Rule 56.1 statements on motions for summary judgment filled with immaterial facts which opposing small firms or sole practitioners cannot possibly respond to "paragraph-by-paragraph" with detailed

admissible evidence under a tight deadline in a manner that will satisfy District Court requirements under this local court rule. That is exactly what transpired here.

Litigation outcomes will now be governed by financial resources, rather than by the merits. Federal justice as practiced here assumes a wholly unacceptable bias for the wealthy that is contrary to every precept of "Equal Justice Under Law" — the words carved in stone above the portal to this honorable court.

## 3. RESPONDENT'S BRIEF PROVIDES A ROAD MAP TO THE DISTRICT COURT'S USURPATION OF THE JURY FUNCTION IN DECIDING DISPUTED ISSUES OF FACT.

At pages 15–25, Respondent's Brief in Opposition to the grant of certiorari spells out in some detail how the Petitioner was deprived of her constitutional rights to a jury trial.

This Court has stated in a single terse sentence in *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242 (1985) the rule governing when a case must go to the jury (at page 257):

> We repeat, however that the plaintiff, to survive the defendant's motion, need only present evidence from which a jury might return a verdict in his favor.

In this case, that evidence consisted of three groups of deposition testimony and documentary evidence (See Petition at page 8):

A. ***JOSIE***. On the issue of who owns the *Josie* characters (concededly first created by DeCarlo), the key material issue of fact below was whether the newly discovered evidence in this case, resulting from ACP's production of four cancelled checks (never produced in the first *Josie* litigation, although demanded), refuted ACP's previous claim that it was unaware of DeCarlo's ownership of *Josie* and had been

misled by DeCarlo's silence [the result of DeCarlo's fear of termination]. Because of the significance of the cancelled checks in showing ACP's position at the time of its alleged reliance, the District Court should have reopened the case. Instead, the District Court pinned fault *on DeCarlo* for not producing the information triggered by the checks *that were in Archie's possession*, including DeCarlo's production of a handwritten copy of a single check endorsement. (A-9–A-10; A-15–A-17; A-23–A-26). This position is repeated in the Respondent's brief at (page 21):

> DeCarlo did not disclose the existence of the copy [the handwritten copy of the check legend] until his deposition in this, the second lawsuit. [Record - 302]. He was thus *solely responsible* for the fact that it was not before the court in *DeCarlo*.

(Emphasis added.)

The actual deposition testimony relied on by Respondent and the District Court was entirely the result of ACP's delayed production of the four cancelled checks and questioning of DeCarlo by ACP's counsel based on the wording of those checks. (JA 302).

Q. [By Ms. Herrmann] So you would sign underneath that text when you endorsed the check?

A. [By Mr. DeCarlo] Right.

MR. SEYMOUR: [To Ms. Herrmann] Can you produce all those checks?

MS. HERRMANN: We don't have those.

Q. [To Mr. DeCarlo] You don't have any of those checks?

A. No, but I think I have — when I went to see a lawyer, I think I wrote down the back of the check word for word, and I might have that copy at home.

Instead of holding that *ACP* itself caused the withholding of the check evidence in the earlier case, the District Court concluded that it was DeCarlo who was at fault.

Equitable estoppel was a major factual issue and under these circumstances the District Court should have reopened the factual basis for the equitable estoppel determination and permitted a trial jury to decide the question.

B. ***SABRINA***. The work-for-hire finding regarding the model sheet for *Sabrina* was another major factual dispute that should have been submitted to a jury. Respondent's Brief says (at page 17):

> However, even if viewed as a question of fact, there was no dispute to resolve. In light of DeCarlo's characterization of the model sheet as the "first-step" toward completing the story assignment for which he was paid a flat fee, no reasonable jury could conclude that the model sheet was a separate project that had to be separately paid for to satisfy the "expense" prong of the work-for-hire test.

That is exactly the factual question a jury should have decided. It must be remembered that there was no evidence below that any other artist ever created *new* characters for ACP [except for Joe Montana, who created Archie and Jughead some years prior to Dan DeCarlo's arrival]. Mr. DeCarlo was a unique talent. This is self-evident from the fact that it was DeCarlo who was chosen by ACP to create both the *Sabrina* and the *Cheryl Blossom* groups of characters. There is no factual support for the claim in Respondent's Brief (at page 8) that it was "customary" to pay a flat fee based on the length of the story to cover both the story illustrations *and* the creation of new characters used in that story. What was customary was to pay *all* artists working for Archie [a dozen or more] a flat per-page rate just for drawing comic book pages only, based on

stories supplied from writers. In this case, DeCarlo was paid $150 (or $160) for illustrating the first *Sabrina* story (5 pages at $30 (or $32) per page}. (DeCarlo dep., 12/7/00., at p.411). *No* reasonable jury would conclude that that sum was intended by the parties to cover the creation of a wholly new line of character prototypes that would later produce huge income for ACP from TV syndication and live-action motion pictures.

The "model sheet" step in the creation of character prototypes is significant because under copyright law this first creation "in fixed form" is what determines copyright ownership. (See Copyright Office Circular 44 set out on page 6 of Petition.) To help the Court understand the model sheet concept we attach hereto as Appendix D reduced copies of the *Sabrina* and *Cheryl Blossom* model sheets in suit [as redrawn by Mr. DeCarlo to replace the originals lost by ACP]. (JA-310, JA-311, JA-313–JA-315)

The fact question a jury must decide is whether the *Sabrina* model sheet and the creative work behind it was simply 'thrown in' as a work for hire covered by the flat page rate for illustrating the first *Sabrina* comic book story, or whether the model sheet remained the copyright-protected property of the artist, licensed to ACP for comic book use.

C. ***CHERYL BLOSSOM***. The factual question regarding the *Cheryl Blossom* characters is whether they were transferred to ACP under the 1988 or 1996 ACP form agreements. DeCarlo's consistent position is that these agreements transfer ownership only in comic book pages — derivative uses — and not in the original model sheets and characters to which copyright ownership attaches.

Respondent's Brief in Opposition (at page 23) asserts ownership of *Cheryl Blossom* under paragraph 2(b) of the 1988 Agreement, which reads in full text:

> (b) The Contractor hereby expressly waives all claim of right which it may have to any ownership interest in such Works and/or the ARCHIE property.

Respondent then asserts:

> There is no ambiguity in this provision.

The ambiguities are legion:

*Ambiguity #1*: "Such Works" refers back to the contract definition of "Works" which in every case are described in the 1988 Agreement as "comic strips and pages for its [ACP's] comic books". The agreement nowhere mentions "model sheets".

*Ambiguity #2*: "ARCHIE property" is not defined in the 1988 agreement. The District Court based its factual finding that the *Cheryl Blossom* characters were part of the Archie "universe" on specific comic book stories — not on the contract. (A-13–A-14, at fns 47, 48, 49, 50, 51; A-38, at fn 119).

*Ambiguity #3*: The 1988 agreement was expressly superseded the 1996 agreement (JA-91):

> 32. This [1996] Agreement represents the entire understanding of the parties and supersedes all previous representations, understanding or agreements, oral or written.

Plainly the meaning and effect of paragraph 2(b) of the 1988 agreement was a question for the jury to decide, since it determines the entire ownership of the *Cheryl Blossom* characters.

The secondary ground of an "assignment" of comic book pages under the 1996 agreement, argued by Respondent (at page 25) as the basis for awarding ownership of the *Cheryl Blossom* and *Sabrina* characters to ACP, likewise should have gone to the jury.

Dated: New York, New York
August 4, 2004

Respectfully submitted,

WHITNEY NORTH SEYMOUR, JR.
*Attorney for Petitioner*
425 Lexington Avenue, Room 1721
New York, New York 10017
(212) 455-7640

## Appendix D

A-310




[TITLEE OF THE WORK:]
["Sabrina", "Delia" and "Salem"] [SIZE: 11 x 17 INCHES]

DEFENDANT'S EXHIBIT
Goldwater
10/11/01

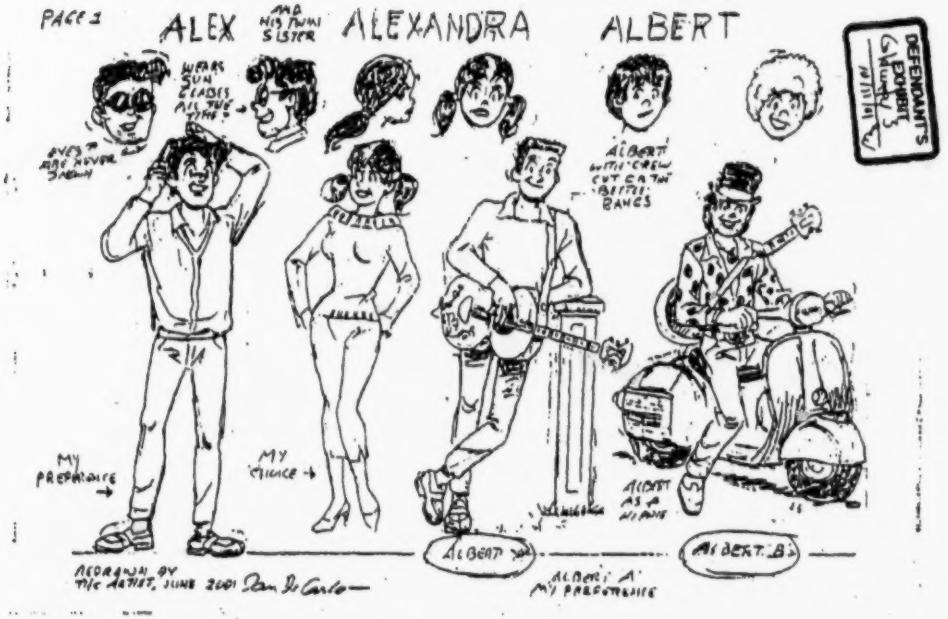
BEST AVAILABLE COPY

D-2

[TITLE OF WORK: "AUNT HILDA" AND "AUNT ZELDA." SIZE: 11 X 17 INCHES.]

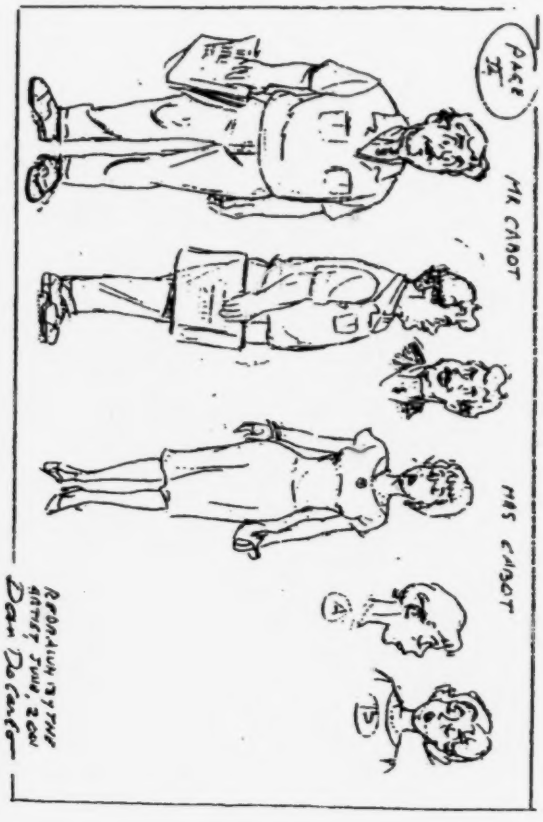
D-3

A-313




[TITLE: "ALEX", "ALEXANDRA", "ALBERT" AND "THE CABOTS." TWO SHEETS. SIZE: 11 1/2 INCHES]

A-314




DEFENDANT'S EXHIBIT

[TITLE: "CHERYL BLOSSOM", "JASON", GIRLFRIEND AND FATHER AND MOTHER. SIZE: 11 X 17 INCHES]

D-5

A-315